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November 12, 1941
10:00 a.m.

RE AID TO BRITAIN

Present: Sir Frederick Phillips
Mr. White

H.M.Jr: The reason I asked you to come over, I read with amazement the statement of the Prime Minister of England that they were out of dollars and they asked me at my press conference, so my answer was simply this: "He ought to know." That is all I said.

Phillips: Where did you get his report? What papers?

H.M.Jr: Oh, our papers were full of it.

White: The report that I saw said that he was at the end of his resources.

Phillips: I saw the thing, a report of the thing, in which it seemed to me he had done some figuring out of his own head, but - is it doing any harm?

H.M.Jr: In the first place, I would like to get a correct report of what he did say.

Phillips: Yes.

H.M.Jr: And in the second place, I simply feel this way. I have worked like hell to get you fellows those dollars and if the Prime Minister is going to say anything, well at

least I think he could say, "thank you," instead of saying, "Well, we are at the end of our resources," which isn't true.

Phillips: But did he really say that? As I recollect the speech, what he said was, we had used up - what was it - five hundred million pounds, two billion dollars; that we were then at the end of our resources; that then came along the Lend-Lease Bill, which he referred to, as I thought, in particularly appreciative terms.

H.M.Jr: Well, I got the impression - maybe I got it wrong - but the impression was that as of today they were out of dollars. I got the impression that they were out of dollar resources.

White: I didn't read the whole speech. I read the excerpts that came over the cable. I haven't seen the whole. From the part I saw, I think either in terms - I didn't get quite the same impression that you did but I didn't read the whole of it.

H.M.Jr: I am disturbed. What was the Prime Minister trying to get at?

Phillips: I don't think he was trying to do anything, sir, except to express great appreciation of the assistance he has gotten from America. Then it got to a muddle-headed writer on financial topics and he expressed himself badly. It may have got mangled by a reporter or in telegraphing it over here, but I am quite sure that was his purpose, to explain that in the first two years of the war we used up our gold, which brought us down to where we couldn't go on getting supplies in any quantity and that then came along the U. S. Government with the Lend-Lease Act, which he

said was the least sordid dealing of its kind, or some such phrase.

- H.M.Jr: Anyway, it disturbed me enough that I think it would be worth your while to get an accurate statement of what he did say.
- Phillips: This was at the Lord Mayor's banquet, wasn't it?
- White: I don't know what the occasion was.
- H.M.Jr: I saw it on the ticker.
- White: I don't think the papers carried it in full, to my knowledge.
- H.M.Jr: I only saw the ticker and I would very much like to see just what he did say, as far as the financial thing is concerned. If I am right, then I think somebody over there ought to set the people right, because our figures show, after all, that your situation, as far as dollars is concerned, is getting steadily better and by March we figure you will have six hundred fifty million dollars.
- Phillips: No, we shan't be up to that amount. However, that is --
- H.M.Jr: Well, that was the last figures I saw.
- Phillips: But I am quite certain --
- H.M.Jr: You see --
- Phillips: I am quite certain you have got him wrong, sir. I am quite certain his sole purpose in that speech was to say how nice everyone had been.
- H.M.Jr: I would like to see the speech and then I would like to go over it with you, because it has

left a bad taste in my mouth. Now, I saw what comes over the ticker, a piece like this. Well, it is right here. This is what I read, you see. It is right here. This is United Press.

"Regarding --" and so forth. This is quote. "By very severe measures," he added, "we have been able to gather and send to America about five hundred million pounds, but the end of our financial resources is in sight. Nay, it has actually been reached."

That is the thing that disturbs me. That isn't true, you know. Here it is twice. Here, I will give it to you. (The Secretary handed the clipping to Sir Frederick Phillips.)

White: The implication from that seems to be that the situation is getting worse.

H.M. Jr: That is the thing that disturbs me. It could very well be garbled but I take your financial situation so seriously and I am so anxious to be helpful that I don't want, for instance, the President to call me up and say, "Look, you tell me everything is all right when Mr. Churchill says that they are at the end of their resources. What is the matter with you, Henry? Why don't you inform me? Why don't I know what Mr. Churchill knows?" And aside from everything else, why give the impression to the world that you are at the end of your financial resources when you are not?

Now, all I am trying to do is to follow out my general policy. Come what may, wind or hell or high water, I am going to continue to be helpful, but that doesn't - I can't believe it is for home consumption.

Phillips: Well, I will find out what he said.

H.M.Jr: Will you, and try to get me straightened out?

Phillips: Yes, sir.

H.M.Jr: Right. Thank you very much.

909 Willard Hotel,

Washington, D.C.,

November 12, 1941.

Dear Mr. Secretary,

The tape message which you showed me this morning is clearly garbled by substituting the present for the past tense. The text of the speech was published by the New York Times and showed that what the Prime Minister said was:

"..... at this time last year we did not know where to turn for a dollar. By very severe measures we had been able to spend in America about £500 millions. But the end of our financial resources was in sight - nay, it had been actually reached."

The Prime Minister went on to refer to the policy of the United States in terms of the highest encomium. On reading the whole speech I do not think you will feel that the remarks made by the Prime Minister showed any lack of appreciation of the efforts of the United States to assist us in our financial difficulties.

Yours sincerely,

F Phillips

The Honourable
Henry Morgenthau, Jr.,
Secretary of the Treasury,

ADD CHURCHILL, LONDON

REGARDING BRITAIN'S BUYING POWER, CHURCHILL RECALLED THAT LAST YEAR AT THIS TIME BRITAIN DID NOT KNOW WHERE TO TURN FOR DOLLARS FOR AMERICAN EXCHANGE.

"BY VERY SEVERE MEASURES," HE ADDED, "WE HAVE BEEN ABLE TO GATHER AND SENT TO AMERICA ABOUT 500,000,000 POUNDS (\$2,000,000,000) BUT THE END OF OUR FINANCIAL RESOURCES IS IN SIGHT--MAY IT HAS BEEN ACTUALLY REACHED."

11/10--21047A

Text of Prime Minister Churchill's NOV 11 1941

By The Associated Press
LONDON, Nov. 10.—Following is the text of the speech Prime Minister Winston Churchill delivered today at the Mansion House in London.

Alas in times of peace and war the annual British festival we have observed today (the Lord Mayor's Speeches) has been by long custom the occasion for speeches at the Guildhall by the Prime Minister upon foreign affairs.

This, your ancient Guildhall, lies in ruins, our foreign affairs have shrunk and almost the whole of Europe is possible under the Nazi yoke.

The war which begins by attacking Poland and which now splits the European Continent and has broken into the north—of Africa may well engulf the Continent of Asia—may, it may seem spread to the remaining fourth of the globe.

Nevertheless, in the same spirit in which you (the Lord Mayor) have celebrated your assumption of office with the time-honored payment of the Lord Mayor's Day so I, as your guest, will endeavor to pay, though very briefly—for my wartime speeches should be short—the traditional part assigned to those who hold my office.

Butcheries by Nazis

The condition of Europe is terrible in the last degree. In a dozen countries—Norwegians, Belgians, Frenchmen, Dutch, Poles, Czechs, Serbs, Croats, Slovenes, Greeks, and above all in scale Russians, are being butchered by thousands and tens of thousands after they have surrendered, while mass executions in all countries have become part of the regular German routine.

The world has been intensely stirred by the massacre of French hostages. The smile of France, with the exception of that small village where saboteurs have been killed in former and latter

nation against this slaughter of perfectly innocent people.

The French people have not been impressed by Admiral Darlan's tribute to German generosity and his call for loving collaboration with conquerors and murderers.

Even the arch criminal himself, the Nazi ogre Hitler, has been frightened by the volume of world indignation which his spectacular atrocities have excited.

It is not that the French people have been intimidated. Hitler has not dared to go further with his program of killing. This is not due to mercy, compassion or compunction but to fear and a continuing uneasiness of personal insecurity rising to a wicked heat.

Victims Worthy of Honor

I would say generally that we must regard all these victims of Nazi executioners in so many lands who are labeled Communists and Jews as if they were brave soldiers who died for their country on the field of battle.

In a way their sacrifice may be more fruitful than that of a soldier who falls with arms in his hand. A river of blood has flowed and is flowing between the German race and the peoples of all Europe. It is not the hot blood of battle, where good blows are given and returned. It is the cold blood of the execution yard and scaffold, which leaves a stain indelible for generations and for centuries.

Here, then, are the foundations upon which the New Order of Europe is to be inaugurated. Here, then, is the house-warming festival of the Herrenvolk. Here, then, is the system of terrorism by which the Nazi criminals and their Quisling accomplices seek to rule a dozen ancient States of Europe and if possible all the free nations of the world.

In no more effective manner could they have frustrated the accomplishment of their own designs. The future and its history are inseparable. One thing is plain—need to these bloodstained and accursed hordes of the future of Europe be denied.

Thus Lord Mayor's Day last

year some great changes have taken place in our situation. Then we were the sole champions of freedom in arms. Then we were ill-armed and very much outnumbered even in the air.

Now a large part of the United States Navy, as Colonel Knox has told us, is constantly in action against the common foe. Now the valiant resistance of the Russian nation has inflicted frightful injury upon German military power.

And at the present moment the German invading army, after their great losses, lie on the barren steppes exposed to the approaching severities of the Russian Winter.

Now we have an air force which is at least equal in size and number, not to speak of quality, to German air power.

Italian Navy Morale Broken

Rather more than a year ago I announced to Parliament we were sending a battle fleet back into the Mediterranean with instructions to destroy German and Italian convoys—and the Admiralty brings us today news of the destruction of another Italian destroyer—and to insure passage of our own supplies in many directions through that sea. The broken morale of the Italian Navy shows that we are still masters there.

Today I am able to go further. Owing to the effective help we are getting from the United States in the Atlantic, owing to the sinking of the Bismarck, owing to the completion of our splendid new battleships and aircraft carriers of the largest size, as well as to the courage of the Italian Navy already mentioned, I am able to go further and announce to you here that we now feel ourselves strong enough to provide a powerful naval force of heavy ships with its necessary and ancillary vessels for services if needed in the Indian and Pacific Oceans.

Thus we stretch out the arm of brotherhood, of motherhood, to the Australian and New Zealand peoples and to the Indian people, whose troops already have been fighting with so much distinction in the Mediterranean theatre.

This movement of our naval forces in conjunction with the

Speech on World Affairs

The New York Times.

United States' main fleet may Far East and to defend the com- give a practical proof in all who may cause now at stake has been have eyes to see that the forces and is being made. of freedom and democracy have. Meanwhile, how can we watch by no means reached the limit of without emotion the wonderful defense of their native soil and their power.

I must admit that having voted for the Japanese alliance nearly forty years ago, in 1902, and hav- ing always done my very best to promote good relations with the island empire of Japan, and hav- ing always been a sentimental well-wisher of Japan, an admirer of their many gifts and qualities, I should view with keen sorrow the opening of a conflict between Japan and the English-speaking world.

Warning to Japan

The United States time-honored interests in the Far East are well known. They are doing their utmost to find ways of preserv- ing peace in the Pacific. I do not know whether their efforts will be successful, but should they fail, I take this occasion to say—and it is my duty to say it—that should the United States become involved in war with Japan a British declaration will follow within the hour.

Viewing such a sombre scene as dispassionately as possible, it would seem a very hazardous ad- venture for the Japanese people to plunge quite needlessly into a world struggle in which they may well find themselves opposed in the Pacific to States whose popu- lations comprise nearly three- quarters of the human race.

If steel is the basic foundation of modern war it would be rather dangerous for a power like Japan, whose steel production is only about 7,000,000 tons a year, to provoke, quite gratuitously, a struggle with the United States, whose steel production is now about 90,000,000 tons—and this money takes no account of the powerful contribution which the British Empire can make in various ways.

I hope devoutly that the peace of the Pacific will be preserved in accordance with the known wishes of the wisest statesmen of Japan. But every preparation to defend British interests in the

defense of their freedom and independ- ence which has been maintained for five long years under the leadership of that great hero and commander General Chiang Kai-shek? It would be a disaster of the first magnitude to world civilization if the noble resistance to invasion and exploitation which has been made by the whole Chinese race were not to result in the libera- tion of their hearts and homes. That I feel is the sentiment deep in all of our hearts.

America's Financial Aid

To return for a moment before I sit down to the contrast be- tween our position now and a year ago, I must remind you—I don't need to remind you here in the City—that at this time last year we did not know where to turn for a dollar. By very severe measures we had been able to spend in America about 4500,000,000. But the end of our fi- nancial resources was in sight—nay, it had been actually reached. All we could do at that time a year ago was to place orders in the United States without being able to see our way through, but on a tide of hope and not without important encouragement. Then came the majestic policy of the President and Congress of the United States in passing the Lend-Lease Bill under which in two successive enactments about £8,000,000,000 was dedicated to the cause of world freedom without- out mark this, for it is unique—the money is now setting up of any account.

Never again let us hear the British taunt that money is the ruling thought in the hearts of the American democracy. The Lend- Lease Bill must be regarded with- out question as the most unordid act in the whole of recorded his- tory.

We for our part, have not been

found unworthy of the increasing aid we are receiving.

We have made unparalleled fi- nancial and economic sacrifices ourselves, and now that the gov- ernment and people of the United States have declared their resolve that the aid they are giving shall reach the fighting lines we shall be able to strike with all our might and main.

Thus we may, without exposing ourselves to any charge of com- placency, without in the slightest degree relaxing the intensity of our war effort, give thanks to Almighty God for the many won- ders which have been wrought in so brief a space of time, and we may derive fresh confidence from all that has happened and bend ourselves to our task with all the force that is in our souls, with every drop of blood in our veins.

Naal Peace Offensive

We are told from many quar- ters that we must soon expect what is called a peace offensive from Berlin.

All the usual signs and symp- toms are already manifested (as the Foreign Secretary will con- firm) in neutral countries. All those signs point in one direc- tion: they all show that the guilty men who have let hell loose upon the world are hoping to escape with their fleeting triumphs and ill-gotten plunder from the clos- ing net of doom.

We owe it to ourselves, we owe it to our Russian allies, and to the government and people of the United States to make it abso- lutely clear that whether we are supported or alone, however long and hard the toll may be, the British nation and His Majesty's Government at the head of that nation, in intimate concert with the governments of the great dominions, will never enter into any negotiation with Hitler or with any party in Germany which represents the Naal regime.

In that resolve we are sure that the ancient City of London will be with us to the hill and to the end.

November 12, 1941
10:20 a.m.

RE GRANGE SPEECH

Present: Mr. Kuhn
Mr. White
Mrs. Klotz
Miss Diamond
Mr. White

H.M.Jr: Would you like to read this?

Kuhn: Yes. This blossomed out from a fifteen minute speech into a twenty-five minute one.

H.M.Jr: That is all right. Who listened to the Treasury Hour last night?

Kuhn: I did, and there was one thing on it, the play about Lincoln, was the finest play they have ever put on in the Treasury Hour, since it began, the five minute play about Abraham Lincoln, done by the same boy who did the Statue of Liberty thing that you liked so well.

H.M.Jr: Now, where is the - I asked Callahan --

Kuhn: The MacLeish thing, he is --

H.M.Jr: Was that tied up together?

Kuhn: No, the MacLeish thing was the last on the program.

H.M.Jr: Where is the play?

Kuhn: The play was in the first half of the program. It was beautiful.

H.M.Jr: Incidentally, I may have told you this, but if

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I haven't, the minute this thing is finished Sherwood wants it.

Kuhn: And Miss Elliott.

H.M.Jr: No, Sherwood wants it to have a chance later. He is going to put it on the air. He said, for instance, when the President began speaking on his Navy Day speech, as he spoke that speech went on the shortwave broadcast in twenty-one different languages. He said they got it the night before. He said he won't use it until I begin.

Kuhn: Shall I read this? It is just the rough draft.

H.M.Jr: I understand.

Kuhn: "Today as never before it is an honor to be an American farmer. The future health and happiness of all the world depends, as never before, upon the American farmer's work and skill and enterprise. I am very happy, therefore, to have this opportunity of speaking to a great audience of American farmers, and to accept at your hands, Mr. Taber, this pin that certifies to twenty-five years' membership in the National Grange. I shall wear it as a badge of honor.

"To anyone who lives and works --"

H.M.Jr: Excuse me, if you don't mind. You don't want to say something, a little bit about how much I have enjoyed being a member of the Grange?

Kuhn: Well, I suggested at the end you do that if you want to. It is the easiest thing in the world to put it at the end.

H.M.Jr: I would say a little bit more about what it has meant to me to be a member of my local Grange.

Why not say both Mrs. Morgenthau and I have enjoyed it. She also is a member. What?

Kuhn: That is easy to put at the end. What have they done?

H.M.Jr: What have they done?

Kuhn: Yes. I mean, what does it mean to you. Do you meet the other farmers that way?

H.M.Jr: Yes.

Kuhn: That is all it amounts to?

H.M.Jr: Yes. You might as well bring in the name, the Wicopee Grange. How do we spell it?

Klotz: I think it is W-i-c-o-p-p-e-e.

H.M.Jr: You can get it from my dues, can't you?

Klotz: Yes, I can get it from the bill.

H.M.Jr: The town spells it one way and the Grange spells it another. It would be nice to mention the Wicopee Grange, you see.

Kuhn: "To anyone who lives and works on the good earth it brings a new pride year after year, to sow the new crop, to tend it carefully, and to harvest it at last."

H.M.Jr: I think I will let you run through this without interruptions.

Kuhn: "Speaking to you as a fellow farmer rather than a Secretary of the Treasury, I can assure you that the greatest satisfaction of my life is to see the trees that I planted on my own farm twenty-five years ago grow and blossom and bear good

fruit. To me there is a far greater sense of achievement in helping to gather a fine crop of apples on my farm than in conducting a successful financing operation of a billion dollars at the Treasury. Sometimes the two jobs mix, although they seldom conflict or compete. At the Treasury we have, for example, been appealing to farmers to invest their savings in Defense Bonds and Stamps, which not only help the Treasury to pay for the arming of our country, but also give an opportunity to every farmer to win future security for himself and his family. Insecurity has been the nightmare of American farmers through the generations, ever since pioneer days; I believe in all sincerity that the Treasury's savings program can help to banish that nightmare from farmers' minds.

"The same is true of the Treasury's program for fighting inflation, which at the moment occupies more of my time and thought than any other subject. Your National Master has spoken eloquently to you of the danger of inflation to farmers in this country. May I quote a few sentences of what he said:

"Next to the suffering on the battlefield and the anguish of those at home, inflation is one of the calamities of war . . . How could any farmer forget 1921 and '22, or 1932 and '33? This is one time when we dare not forget that wild inflation means economic disaster. Inflation endangers all forms of wealth, every bank deposit, and, in fact, all of the established accumulations of generations."

H.M. Jr: When did he say that?

Kuhn: That is in his speech to the National Grange, two days before you get up.

H.M. Jr: Fine.

Kuhn:

"There are many ways to fight inflation, but one of the most effective is to produce more of the goods which do not compete with our defense effort for materials or for labor. That means, quite simply, to produce more food in the interests of the consumer and the farmer as well. I should like to pay my tribute of respect and gratitude to the work of Secretary Wickard and the Department of Agriculture in the past six months in encouraging our farmers to grow more of the right kinds of food -- more dairy products, vegetables, fruits and meats, the so-called protective foods on which our national well-being depends. This is admittedly a revolutionary program, a revolution away from the staple crops which have been the backbone of American agriculture until now. Yet it is not a bit too revolutionary for the crisis that surrounds us and for the opportunity that confronts us.

"The opportunity ahead of American farmers at this time is so vast that very few of us, I think, can conceive it. We have prided ourselves on being the best fed nation in the world. Europeans who have come to our shores have marvelled at the stacks of fruit and vegetables in our shops and at the abundance of the diet available to American families. Yet only the other day the President of the United States expressed his sense of shame at the high percentage of recruits to the army who had to be rejected."

H.M. Jr:

Let me interrupt you again. There are a number of things in here which, for a farm audience, are not farm language, you see, which you wouldn't know. Should I invite Bledsoe, who evidently is the chief writer for Wickard, to come over now and sit in with us here at this meeting, or do you want to see him later?

White:

I think after this first draft because I think

there is some question --

Kuhn: There are a lot of things we would want to change.

H.M.Jr: How would you like to work it?

Kuhn: I would rather wait with Bledsoe until I have a chance to get Harry's comments and yours.

H.M.Jr: You would rather he would go over this?

Kuhn: Sure. These are verbal things, stylistic things?

H.M.Jr: That is all. I mean, just things which are high falutin' for a farm audience, I mean little things here and there. Bledsoe would catch it.

Kuhn: That is good.

H.M.Jr: He is the man, isn't he, over there?

Kuhn: He is very good.

White: In any case, it is a speech mostly on agriculture and somebody from there ought to be in on it.

H.M.Jr: Well, I have called up Wickard and told him that I would have Bledsoe go over it. But you would rather work with him direct? It makes it easier for me.

Kuhn: Sure.

H.M.Jr: O.K.

Kuhn: But I would like not to show it to him in this form until I have seen --

White: I have a suggestion to make after this draft is

changed. It will be some time probably today.

Kuhn: Yes.

White: Then get Bledsoe in here and let him first hear it here and it will put him off to a better start. You will get his ideas directly and then he can work on it.

H.M. Jr: Here is my time schedule. I have got to prepare myself for this testimony on Friday and I have given Barnard eleven o'clock tomorrow. Now, I have tied myself up this afternoon, at least from 3:15 until four in Sullivan's office, you see, so I would be available again at four o'clock and I will be available again at nine tomorrow morning.

Kuhn: Well, I would like to have --

H.M. Jr: But this thing has to be put to bed by tomorrow night because I won't be able to see it again. It really ought to be put to bed tomorrow morning.

Kuhn: Well, I would like to get a new draft of it to you late this afternoon if it can be done unless there are serious changes to be made.

H.M. Jr: Why don't you put yourself down for four o'clock?

Kuhn: Think it can be done?

White: I think we can get you a draft by that time.

H.M. Jr: We will just have to, that is all.

Kuhn: All right. I would be glad to.

H.M. Jr: Then if you want Bledsoe have him here at that

time and if you want to, have Miss Elliott here at that time. We could save it.

White: If you do. I am not impressed with her contributions.

H.M.Jr: Again I don't want these people to say I am talking about food and consumers, and damn it, I don't let them know.

White: Then let her be here.

H.M.Jr: Now, I say one minute one thing -- you see, Harry.

White: She can't do any harm.

H.M.Jr: This is consumers so we talk about food. If we did Agriculture, the Consumers Section there, so you see, Mrs. Klotz, so if you are going to have them here, let's have them here at four o'clock. I will leave it to you (Kuhn) to contact them. Check?

Kuhn: Yes.

H.M.Jr: Do you agree with me?

Klotz: Yes.

H.M.Jr: I don't want Miss Elliott to say, "If he had only given us this, I could have given him this angle." He also mentioned his head of publicity.

Kuhn: Oh, Salisbury.

H.M.Jr: Yes.

Kuhn: I think Bledsoe is the man who is with Wickard all the time and who writes Wickard's speeches.

H.M.Jr: That is right. But you are down for four o'clock.

Kuhn:

Yes.

"Yet only the other day the President of the United States expressed his sense of shame at the high percentage of recruits to the army who had to be rejected. Nearly 50 percent of two million men examined for selective service were found to be mentally or physically unfit, and of those rejected a large number were suffering from dental defects or other results of faulty nutrition. The President was understating when he described these conditions as an indictment of America.

"Several years ago just after coming to the Treasury, I took part in the conception and inception of the food stamp plan, which was an attempt to bring some of our surplus commodities into the hands of the underprivileged. The plan was begun at a meeting between Vice-President Wallace, Mr. Harry Hopkins, Doctor Thomas Parran, and myself. In line with this effort Doctor Parran, who is now Surgeon General of the United States and was then the head of the Public Health Service, undertook an investigation into the food-buying habits and nutrition in the District of Columbia. Here was a compact area where per capita wealth was higher than that of any State, yet Doctor Parran found widespread under-nourishment, caused in part by the lack of the right kind of food, but caused still more by a lack of knowledge or of willingness to buy the right kinds of food. He found that among those with the lowest incomes, too much of the weekly pay envelope went for candy, tobacco and liquor, and that whenever sacrificing had to be done it was done by saving on food and by endangering the health and strength of the family.

"I suspect that similar investigations in other parts of the country might yield a similar result even today when our public is more vitamin

conscious than when Doctor Parran's study was made."

H.M.Jr: Have you located the study?

Kuhn: No, we have never had it.

H.M.Jr: You are going to read it, aren't you?

Kuhn: I ought to. Does this sound like the results of the study?

White: Well, he is sending a lot of stuff this morning. Maybe it includes the --

H.M.Jr: Supposing I send for Miss Diamond and tell her what I want. She could find it.

Klotz: Oh, definitely.

Kuhn: "This is a challenge that we as a government, and we as farmers must meet together. The Government can help by means of education and by heavier taxation of those goods which are not essential to health and strength. But farmers can do by far the biggest part of the job by producing more -- not the wheat and corn and tobacco, of which we have been producing too much, but by diverting land and effort to the production of milk, butter, eggs, pork products, fruits and leafy vegetables. It must no longer be said of this rich country of ours that millions of our people still go without the food that is necessary to good health and good morale.

"Side by side with this challenge that confronts us at home, there has come a still more urgent and insistent call from across the sea. The British people, as you know, have had their chief sources of food supply cut off either by invasion, as in the cases of Holland and Denmark, or by shipping shortages as in the case

Australia and New Zealand. The British today are living under conditions of siege. Their island home is one vast fortress, and every man, woman and child is in the garrison, fighting our fight as well as their own. For more than two years their resistance has been the one unshaken obstacle to an attack by the Axis powers upon our Atlantic world. It is our responsibility, and our high honor, to see that they are fed, not with a trickle of occasional shipments, but with enough warm and sustaining food to enable them to carry on there with health and morale unimpaired."

H.M.Jr: It is hard not for me to interrupt you, but make a note. The English have something very definite about the minimum requirements and Miss McGeachy could give you that. They have something very definite. They have established a minimum.

Kuhn: They call it the minimum standards.

H.M.Jr: Maybe you could tell what it is, you see.

Kuhn: I come to that minimum standard in the last part of the speech.

H.M.Jr: All right.

Kuhn: "American farmers have already done a mighty work in sending food to England in her time of greatest need."

(Miss Diamond entered the conference.)

H.M.Jr: Do you know these people?

Diamond: I don't know Mr. Kuhn except over the phone.

Kuhn: How do you do, Miss Diamond.

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H.M.Jr: Miss Diamond, some time four or five years ago there was a meeting in Mr. Wallace's office where the Secretary of Agriculture got this idea about trying to find out what the people needed in the way of food, in connection with the food stamp thing. Then I asked Doctor Parran to make a study of the District of Columbia and we gave him fifteen thousand dollars to make the study.

I would like you to find for me, if you can, a report of the District of Columbia. There must be a summary of it, you see.

Diamond: In your diary, do you think?

H.M.Jr: Yes. The person who knows about it and who sat all through it was George Haas, you see. If you could lay your hands - George stayed behind that day - on the report of what took place in Wallace's room - Hopkins tried his best to stop me from doing the food thing but the principal thing that I want for this man (Kuhn) this morning is the Parran report on the District of Columbia.

If my memory also serves me right, Parran did another study on Hagerstown, Maryland, about food conditions up in Hagerstown and then there was a third study where the doctors in West Virginia did something. Those three things.

Diamond: District of Columbia, Hagerstown and West Virginia.

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Diamond: District of Columbia, Hagerstown and West Virginia.

H.M.Jr: District of Columbia, Hagerstown and West Virginia, all on the question of nutrition.

If you could dig that out and particularly what took place in Wallace's room, because the Vice-President, who was here yesterday, to my amazement, said, "You never took credit for what you did on the food stamp thing, and I think it is time you did."

You know, I never go back to these things, but do you think it could be gotten together and have it for Mr. Kuhn?

Diamond: I will certainly look right away.

White: I think it was later than five years ago. I think it was three.

H.M.Jr: Well, she has it all in there.

Diamond: But it probably started as long ago as that.

Kuhn: The one is really what we need, isn't it, the District of Columbia?

H.M.Jr: Well, that Hagerstown thing was very good. That was a question of getting people to grow food in connection with the feeding of children. I mean, I can't remember all that thing, but the Hagerstown thing and the District of Columbia.

White: They had better control in the Hagerstown study. That was three or four years ago. I don't think it was as long ago as five.

H.M.Jr: Well anyway, you get it, and you can use Miss Chauncey to help you.

Diamond: Yes, and then I will leave word with your (Kuhn's) secretary as soon as I find it.

H.M.Jr: Thank you.

(Miss Diamond left the conference).

Kuhn: "I asked him particularly whether his people were getting enough to eat. He said that the answer depended on what you meant by "enough". The health officers throughout England have assured their government that in terms of calories and vitamins the British people are not getting too little. Yet Mr. Attlee told me, and I have heard this borne out by my friends who have come back from England, that the British people are hungry all the same, and especially the heavy workers who depend on plenty of sustaining food to keep them hard at work" --

H.M.Jr: Is that an extra copy?

Kuhn: Yes, I am sorry, Mrs. Klotz. I am terribly sorry.

H.M.Jr: It is at the top of page eleven.

Klotz: It is all right, thank you.

H.M.Jr: We believe in service in the Treasury.

Kuhn: "especially the heavy workers who depend on plenty of sustaining food to keep them hard at work on the railroads or in the mines or in the factories where heavy war work must be done. The coal miners of Wales, for example, are performing a job that is absolutely essential if the war effort is to continue, yet for months their productivity in the mines suffered, and their endurance to carry on was impaired, because they did not get the meat and cheese that they are accustomed to bring to work with them. Now, thanks largely to your help as American farmers, restaurants have been established in the mines themselves, so that the miners now get a more adequate supply of the food they need to carry on."

H.M.Jr: What would you think of having Miss McGeachy here at four o'clock?

Kuhn: I don't think it is necessary. This passage here I can clear with her.

H.M.Jr: I think it would be good to do that. She might give you something else.

Kuhn: I think it states the case as I have heard it from many people.

H.M.Jr: I would like her to read this thing if you have time.

Kuhn: Yes.

H.M.Jr: You may not have between now and four o'clock, but certainly she could read it - she might - you know, she might give you a nice little story.

Kuhn:

"That is an achievement which must be continued throughout 1942 and as long as the war may last. It is by far the greatest single call ever made upon the productiveness of American farms. If you add it to your own requirements, it is a call that will use all of our ingenuity, all our effort, and all of the experience that we have gained in recent years, if we are to meet it successfully. In this effort the American farmer is as vitally important as the aircraft worker who builds a new bomber or the shipyard worker who helps to send a new battleship on its way. Knowing what I do of the greatheartedness of our farmers and of their capacity for hard work in a great cause, I am confident that that call will be answered and that England will be able to win the victory that is our own hearts' desire.

"But after the victory -- what then? The opportunity for American agriculture after the war and the need for colossal production of the right kind of food will be many times greater than it is even today. Where tens of millions in England are depending on us now, hundreds of millions throughout the ravaged continent of Europe will be stretching out their hands to us when the war is over."

H.M.Jr:

Please add Asia.

Kuhn:

And China.

H.M.Jr:

Asia. Asia is more, isn't it?

Kuhn:

Yes.

"I am in favor of seeing that the credit of the United States is used to do the humanitarian thing, the economic thing, the sound thing, in putting the great food production of the United

States into the stomachs of the needy millions."

H.M.Jr: That is Henry Wallace dictating to me. He dictated that.

Kuhn: "I am one of those who believe that in the long run service to humanity is economically sound.

"I am thinking not only of the actual hunger that will be sure to exist when the next Armistice comes, but also of the ruined agriculture of many countries that depended upon farming for their very existence. I am thinking of the herds that have been slaughtered in Denmark and Holland which lived on their exports of dairy products. I am thinking of the scorched earth in the great farming areas of Russia, where farm houses and farm implements have been destroyed in the past five months on a scale unparalleled in all history. There will be a lack of seed, a lack of feeding stuff for livestock and in many countries a lack of manpower to tend the farms. Again, as so often in the past, American agriculture can save Europe from hunger and from the anarchy that comes with hunger on such a scale."

H.M.Jr: Make a note there. Make it a little bit more as though I was talking to these people, so Sherwood can use this, you see, a little bit more along this line. I want to assure these people that within my power - what Wallace said, as Secretary of the Treasury, as a member of the Cabinet. Something like that. Make it just as impressive as possible, that I want to do this thing, you see, for these people, so that when he uses that, you see - it is more important to have it in mind that he is going to use this thing because they will say, "Well, here is the Secretary of the Treasury because with all his billions of gold he is saying to us that when this thing is over he

is going to come around and help feed us," you see, to have that in mind. It is terrible.

White: "I pledge myself" --

H.M.Jr: Something, you see.

White: Yes, you are right.

Kuhn: It is very easy to put in.

H.M.Jr: You see what I mean? Then immediately this thing becomes - I mean, it was so valuable to me to have lunch with him yesterday.

Kuhn: Sherwood?

H.M.Jr: Sherwood.

Kuhn: Yes.

"It is true, as the President said recently, that" --

H.M.Jr: Excuse me. To me it is orienting my thinking along entirely new lines, what I am saying.

Kuhn: That is the Donovan line. I am sure the President does it now in all his broadcasts.

H.M.Jr: I asked him. He said that in the thing, that the sentence was written particularly, "Of course I am going to be attacked," and so on after his Navy speech. He said that was put in for the short wave broadcast.

Kuhn: I think it was too obvious in that speech. I think you could see it sticking out, but you wouldn't in this way.

White: I wonder whether there doesn't have to be some qualification that assuming, of course,

that the Allies win, because otherwise it might be interpreted - I don't know.

H.M.Jr:

Well, --

White:

I think it could be worked in to make that clear, that when the democracies emerge successful, I pledge myself --

Kuhn:

And they are going to.

White:

Something like that.

H.M.Jr:

It is a good point.

Klotz:

Very good.

Kuhn:

"It is true, as the President said recently, that our job now is to win the war rather than make blueprints of what is to follow. I agree with him, yet I think there is one great fact about the coming democratic order in Europe," --

H.M.Jr:

Excuse me. You could say something like this, "Of course it is only the democracies that can do this because the storehouses and the food and the power to produce is with the democracies." Something like that. Take the two and make something of them.

Kuhn:

"I agree with him, yet I think there is one great fact about the coming democratic order in Europe, the true "new order," which we should do well to remember now. That is that great masses of decent hardworking men and women will no longer tolerate the economic insecurity which furnished so much of the fuel for the political turmoil of the past 25 years. They are going to demand certain elementary guarantees for a decent life, and

I think they will be right and amply justified. If we are to build a better world from the old -- and that goes for our own country as well as for those abroad -- we shall have to recognize that the citizen should be guaranteed a minimum standard of food with which he can live the life of a free man. We should guarantee to every citizen the right to have enough milk and butter, enough fruit and vegetables, enough of the protective foods of all kinds so that he can be fit to play his part in the world of tomorrow."

- White: Might I interrupt there to say something Gaston said, and I am merely passing it on. I don't think I disagree with him. He called me and he said that he wondered whether the implication of this position in this statement was fully appreciated, that it is a question of guaranteeing a standard of food and it involves pretty drastic changes. He was for it.
- H.M.Jr: Changes in what?
- White: Possibly the methods of distribution or in - he mentioned methods of distribution. What he has in mind I don't quite feel, but I thought I would pass it on.
- H.M.Jr: Well, the only thing - that doesn't bother me. I don't know what he means. He wrote me a memo not to do this speech at all.
- White: I suggested that he pass his comments on directly to you.
- H.M.Jr: The only thing that bothers me, which I told Kuhn, in talking with Wickard over the phone, I found that the keystone to his arch on this program is stock piles to be accumulated

now for when this war is over, that he wants to immediately begin to use - to accumulate condensed fruit juices and all those kind of things now.

White: Does he have it to spare now?

H.M.Jr: Well, so I said to Claude Wickard - now wait a minute, I want you to get this because there is always a nigger in some woodpile. This is his, and evidently you didn't know it. This is the amazing thing. He said, "Well" -- I said, "I can't go along with you on that, Claude." He says, "That is the whole thing, the whole idea of this thing, that we get it now," but I said, "Why, Claude?" He said, "Well, how am I going to get them to produce more and when they do begin to produce more what are we going to do with it?" I said, "Well, what?" He said, "Well, take pork, for instance. There is a danger of over-production of pork." So I said, "Well, Claude, I can't go along." I said, "You mean to say you are going to let them sit around and wait and starve until you can accumulate this stuff?" He said, "No, they won't have to wait or starve but you can't tell me that you can go out to the American public and say, 'You have got to grow more to take care of the increased purchasing power in this country, grow more in order to send to England and Russia and China,' and then simultaneously begin to accumulate stock piles."

White: The way to accumulate it is through increased production, accumulate capacity, not supply.

H.M.Jr: But I want you to know about it.

Kuhn: But you haven't taken any position in here on the matter of stock piles.

H.M.Jr: No. Is it in his speech?

Kuhn: Yes, it is. He talks about it in those terms rather than in terms of a guarantee.

H.M.Jr: But that is this --

White: That is just in opposition to the thesis here. The thesis here is that you don't have enough if you have an adequate supply. You are not producing enough. If you are not producing enough, if you have an adequate supply, A, you can't accumulate stock piles, and B, if you are accumulating stock piles you apparently don't make necessary the same level of production later on, so the farmer is again confronted with the fear that he is accumulating a stock pile and after the war he is not only going to have - after you feed starving Europe one year, he is not only going to have a diminution of his market, but he also is going to have a stock pile as he had in cotton.

H.M.Jr: It is again the whole thing I said in Boston. I said the time to empty your bins is in time of high prices, and the time to fill them up again is in time of low prices. You can't do three things here simultaneously.

Kuhn: Wickard didn't accent the stock piles.

H.M.Jr: He did with me.

Kuhn: He simply used it in his speech, when he was talking of feeding Europe after the war and the way to do it.

White: If he uses the stock pile argument, it should be brought forward this way, that even should the demand fall off, in order to prevent falling prices we will accumulate a stock pile, if he wants to use the stock pile argument.

H.M.Jr: But Harry, look, you see the two things don't go together, as far as I am concerned. Wickard - I don't know whether somebody said - you don't have to keep bribing the American farmer to do the right thing. Now, he just doesn't have to be bribed all the time. What Wickard is trying to do is to bribe them again to raise more by saying, "We are going to make a stock pile." Now, that goes against everything that I have ever stood for. I don't believe it. I go back, just to let me philosophize a minute. There were two plans originally in '32 for agriculture. One was by the fellow from Montana who was Undersecretary, Wilson, was that his name?

White: No.

H.M.Jr: What was his name? He was Undersecretary for a while, and then they got rid of him. What is his name, from Montana?

Klotz: No, he was --

H.M.Jr: Anyway, this man had it and Wallace thought it was wonderful. He was the head of the state college of agriculture, the head of the extension service or something like that, and he went out in Montana and he went to every county and he got every farmer to say, "Now, you can only grow so much wheat, because if you grow more, it is going to hurt everybody else. If you sign up on a volunteer basis, you can only grow so much." They had commitments, and if anybody broke the agreement they - they did the thing entirely on a volunteer basis, and it worked beautifully in Montana.

Then the other suggestion was that on account of a change-over from horses to mechanization, I think it was forty million acres went out

of production. I mean, they didn't produce the stuff that the horses had to eat, which were replaced by the use of gasoline. We use gasoline as a fuel instead of oats and corn. And the thing was at that time to pay a rental of four dollars an acre and rent this stuff and put it into grass, and so forth. Of course at that time a hundred and sixty million dollars looked simply terrific. But that is where we started. We have gone from that until we have doubled the amount of money that the farmers have received in ten years and we are still paying them over a billion dollars subsidy. It is a long-range program from where we have started to where we come now.

Kuhn: Of course the farmers come back and say that their share of the national income is lower than it has been.

H.M. Jr: But George Haas has given me some figures to show that the purchasing power of their dollar today, dollar for dollar, is way above what it was in 1932, so the income that they get buys that much more. They are getting twice as much, and I don't know how much more it buys.

White: Anyway, there are fewer farmers proportioned to the total, so they ought to get a smaller share of the national income.

Kuhn: Fewer than there were?

White: Yes, proportionately, anyway.

Kuhn: Shall I go on?

H.M. Jr: Yes.

Kuhn: This comes after the guarantee on page sixteen.

"There is nothing really revolutionary in what I have said, although to some it may sound like outright communism. After all, the governments of free countries decided about 100 years ago that every citizen was entitled to police and fire protection as a matter of right. Our police departments and fire departments were established with State funds to give to the citizen an essential service which he could not afford to provide for himself.

"We in America decided about 75 years ago" --

H.M.Jr: Excuse me, is that good for distribution, that that may sound communistic?

White: I don't know if we should go that far.

Kuhn: "We in America decided about seventy-five years ago that every citizen was entitled to a decent education as a matter of right," --

H.M.Jr: Where are you? I have lost you.

Kuhn: Page seventeen.

H.M.Jr: Just a moment. You have got to do it again.

Kuhn: It is after the police and fire departments, you see.

H.M.Jr: Do you mind going over it again?

Kuhn: We have talked first about police and fire protection.

"We in America decided about 75 years ago that every citizen was entitled to a decent education as a matter of right, and we established the greatest free school system in the world to provide that right. We found that it was

not fair and that it did not pay us as a nation, to permit illiteracy on a vast scale and to enable only those with wealth or other advantages to have a proper schooling. We have provided that schooling with State funds and nobody would dream of abandoning it now.

"We decided eight years ago that every citizen should have protection against unemployment or old age or disability, and we enacted a whole series of historic measures to give him that protection as a matter of right. We found that it was not fair and that it did not pay us as a nation to leave millions of our people at the mercy of economic cycles over which they had no control. These changes, like the others, have been accepted, and I doubt whether any except the most uncompromising Tory among us would abandon them now.

"What I am suggesting would merely carry the process further. I speak of it today not as a wild dream but as something which I am convinced must follow, not only in this country but all over the world, if we are not to revert into an endless barbarism of wars and revolutions. It is our method of ensuring the survival of the way of life which we treasure in common with other free peoples throughout the world.

"I have suggested it to this particular audience because I want you to consider for a moment what a tremendous opportunity it brings to American farmers. If our people and other peoples are to be guaranteed a minimum standard of living which I believe is their right, then we in this country will have to produce the food that will make that minimum standard possible. If we guarantee a minimum in the

protective foods for everyone in the United States it will mean an increase in consumption to _____ times what it is now. It would mean that the farmers would have a greatly increased market here at home -- the best kind of market for it would not be subject to foreign tariffs, and it would also increase steadily as population increased.

"There need be no agricultural collapse after this war. There must be no repetition of 1920, which was the black year for American farmers. If we produce more of these crops of dairy products, fruits, vegetables, and meat, and if we ensure an increased demand for them, there will be less need for crops for which markets no longer exist, and for which the Government has had to provide artificial support. The farmer will be able at last to throw away his crutches. There will be less illness due to faulty nutrition, greater vitality and productivity among our workers, and a greater length of life for all our people.

"I have never been one of those who believe that we are heading into a period of misery and darkness. The future of free peoples is bright if we only have the wisdom to use it well. The future of the American farmer has never been so bright, if only he will have the foresight to live up to its opportunities."

H.M.Jr: I think it is swell.

Kuhn: I know the weaknesses in it.

H.M.Jr: There are not very many weaknesses. I am delighted to give it. In the summation, you make all the plea for a minimum standard for America and you don't say anything about a minimum standard for the rest of the world.

White: I think he does mention the other, but I think he is on sound ground if you do that, because if you begin talking about establishing a minimum, America establishing a minimum for the rest of the world, a permanent minimum, I mean it just becomes an impossibility.

Kuhn: For China, for example, for India. You open yourself --

White: If you talk on something they think is practical, and I think maybe that needs to be spelled out possibly a little more, that really is within the realms of probability, not possibility, here in America, that they can go forward with increased production with every assurance, or with assurance that that market will be maintained, whereas if you put it on the foreign basis it becomes a hope, a wish. You can take care of them for a year or two, but you certainly couldn't see that --

Kuhn: I think if you wanted to bring in the English minimum standard which they have got, you could bring it in there and say England is already trying to provide such a minimum standard.

White: Except that if the full implications of this are realized it is quite a revolutionary or drastic step for America. If they can swallow that and accept that, that is a great step forward. If you put it on a world-wide basis, I am thinking it takes on a little bit the air of dreams.

Kuhn: And, what is more, you will get a lot of irrelevant complaints. The people who will kick you for it won't look at the merits of the case.

White: They will say, "We are taking on now the job of raising the standards of living of the world."

But he does mention the other and I think he can emphasize the need for it. I think he does that.

Kuhn: I do.

H.M.Jr: Now, do you mind if I just go over this once more with you?

Kuhn: I want you to.

H.M.Jr: Have you got a pencil?

White: Do you want to interrupt, a paragraph at a time?

Klotz: He has got a paragraph in there about the farmer that I didn't like.

Kuhn: You mean about the mixing and the competing?

Klotz: Yes.

White: Do you want to do it paragraph by paragraph?

H.M.Jr: Yes, we will take a paragraph at a time. Well, the first paragraph, there is nothing. We can fix that up. Has anybody got anything on the first paragraph?

"I think you will find that anybody who lives and works on the good earth" - I think you should say, "with the good earth."

Kuhn: "With"?

H.M.Jr: Yes. You work with the earth.

Kuhn: It is a nice phrase. It is one of yours and that is why I included it. Do you want to say "the greatest satisfaction of my life, apart from my family"? That is at the top of page two.

- White: Why not "one of the great satisfactions"?
- Kuhn: "One of the great satisfactions of my life," that does it.
- White: How about raspberries? Why apples? It is a fine crop, unless they know you as an apple farmer.
- Kuhn: There is a new book out that tells about the day when you got all the newspaper men and gave each of them a sprig of raspberries from your farm.
- Delbert Clark wrote a rather bad book about Washington correspondents, and includes Chick among the three or four best Government press officers in Washington. He takes others for a very bad ride.
- White: You ought to get a marked copy for Chick.
- Kuhn: It was quite nice of him.
- Klotz: And you say it is a bad book and then you speak of --
- Kuhn: It is a bad book, but it has some good things in it. The thing that is bad is all the old nonsense about Lowell Mellett being trotted out again, the would-be censor, and so on, and he tells about the sprig of raspberries.
- White: It is a very good speech.
- H.M.Jr: In the middle, about the two jobs: mixing, I don't like that. And I don't like that about it being successful.

Kuhn: You want the whole sentence out?

H.M.Jr: I think so.

White: It does need comparison.

H.M.Jr: And saying the two jobs mix, I don't like that.

White: On this investment and savings of Defense Bonds, I would like to say something about it, but after all, you know the farmer could have saved before Defense Bonds came along. It is the saving that gives him security. I don't know, maybe you can word it a little differently.

Kuhn: You could cut it, and go right down to where the Treasury is cushioning inflation.

White: I think, in other words, their investments in Savings Bonds, if you are going to strike that note, ought to be their contribution to defense, rather than that you are providing them with a way to promote security.

H.M.Jr: Personally, I think you are bringing Defense Savings Bonds in by the hair.

Kuhn: I should leave it out.

H.M.Jr: I would leave it out.

You can play "Any Bonds Today," as I come on the stand.

Kuhn: I was trying to shout, your friend the farmer, but it isn't necessary in view of this speech.

H.M.Jr: I think this Defense Savings Stamp thing could be taken out.

White: Just think how much better friend the banker is. He lets him deposit money in his bank at two percent. Now, why say which, at the moment, occupies more of my time?

H.M.Jr: That is all out, isn't it?

Kuhn: No, this next paragraph is inflation. I will put in a sentence in place of that, Harry. And then we will go into what the National Master said about inflation.

White: What that National Master says, you know, is tilting at windmills. There isn't the slightest danger of wild inflation here. The kind of inflation that he is talking about is the kind that occurred in Russia and Germany and Austria and Hungary and to call that one of the worst things that can happen, next to - I think is - I think it is a little exaggeration.

H.M.Jr: What were you saying about inflation?

Kuhn: Harry says he didn't like what the National Master of the Grange said.

- H.M.Jr: Well, it is kind of a compliment to him.
- White: All right. If you need it cut, you can say, "Your National Master has spoken eloquently to you of the dangers of inflation to farmers of this country. I know many people are saying this, but they are really not honest."
- Kuhn: Well, Harry, this is the Secretary's job of saying inflation is terrible and we are against it.
- H.M.Jr: I would leave it in for the time being.
- Klotz: You have said it.
- H.M.Jr: I like it. I don't think you can cry it too often. You are using his words. I would leave it in.
- Klotz: Are you leaving in--
- Kuhn: That whole introduction is going to be changed.
- H.M.Jr: I am on page four, and I would like to say this: "I should like to pay my tribute of - " instead of "respect," I would like to say, "from affection and gratitude."
- Kuhn: Well, You are talking about the work of Secretary Wickard.
- H.M.Jr: Well, "respect and gratitude."
- White: You can say, "pay tribute" and take "respect and gratitude" out.
- Kuhn: "My tribute to the work of Secretary Wickard."
- H.M.Jr: That is all right.
- White: Above that, "There are many ways to fight in-

flation, but one - " you need an "and" to make it a separate sentence. I think you should put in a period and make it "One of the most effective of those ways." It would give it more force.

- H.M.Jr: Now this thing, in view of this talking of communism and this thing: "This is admittedly a revolutionary program."
- White: I don't think it is.
- Kuhn: Well, they call it a revolution in American agriculture. Wickard calls it a revolution in American agriculture, and it is a complete shift from everything we have ever done in the past, and it is being - you mention it here, to point up the immensity of what you are going to describe.
- H.M.Jr: Well, I don't--
- White: It is all right to talk about a revolution when you are not recommending it, but when you are recommending you don't talk about it.
- H.M.Jr: Well, I don't like the word, if you don't mind.
- White: I don't think it is necessary, Mr. Secretary, and I think since they will need some expansion later on, you had better cut wherever possible.
- Kuhn: All right, that sentence is out.
- H.M.Jr: Take a man like Father Coughlin. "I admit it is revolutionary and I admit it is communistic." Well, there you are. He just picks those two things and runs those sentences together.
- Klotz: It is not necessary to--

White: You plant ideas in the minds of--

H.M.Jr: That is the point.

Kuhn: You mean the later reference to communism?

H.M.Jr: Supposing he picks this sentence: "Morgenthau recommends a revolutionary program which he says is communistic"?

White: I think the rest of that whole paragraph can come out.

Kuhn: Out, Harry.

White: I think you need a phrase before that "yet" in the next paragraph, but that we can work out later. You need something in between. "Only the other day the President expressed his shame."

Are you on page six yet?

H.M.Jr: I am on page seven.

White: May I call attention to something on page six?

H.M.Jr: Please.

White: The assumption is here that all dental defects are due to faulty nutrition.

Klotz: Which isn't true.

White: In any case, why say that? "Rejected a large number who were suffering from faulty nutrition," or "the results of faulty nutrition."

Kuhn: That is not true. It doesn't show any figures. It shows that twenty-one percent of those rejected were suffering from dental defects, and there were some pulmonary troubles and so on, but I have always supposed that dental

defects were the results of faulty nutrition in the people or in their parents.

H.M.Jr: Listen, Harry, may I explain something? Ferdie had a tooth out on Saturday. (Laughter)

Kuhn: Sure, that explains it. My mother didn't eat enough spinach. I have been telling her that since I was born.

Klotz: They haven't proven that, though.

White: You haven't read the book that is titled, "You Don't Have To Eat Spinach."

Kuhn: No, I don't have to, but my mother should have more. And I wouldn't have had so little calcium.

Klotz: That is true.

White: And I don't like this, "The President was understating when he described these conditions as an indictment of America." I don't understand that.

Kuhn: You can say, "He was not overstating."

White: This is where I think you can bring in the illustration of the British camp, the effects of malnutrition, which is a much more effective experiment. What do you want to show? You want to show that undernourishment results in Army rejects, and you can imply that the cause of these rejects in this country were that by bringing in the British episode without definitely saying--

H.M.Jr: Well, there is a case in Honolulu where they ran a food experiment on the whole community, and what they did to it was perfectly amazing.

Kuhn: I think if you switch here to an English experience as an illustration you are weakening your point that America isn't all that it is cracked up to be.

H.M.Jr: Can I do this? Let me give you my objections and let Harry and you go into your room, you see.

Kuhn: Yes.

White: That is all right.

Klotz: It will be faster.

H.M.Jr: I mean, if you don't mind, let me just run through and let me tell you what I don't like and then Harry can tell you--

White: I will only raise questions of policy.

H.M.Jr: No, and then I am sure that if you and Harry agree that something should be changed, I am ready to accept it, so that makes it easier. Isn't that all right?

Kuhn: Fine.

White: That is all right.

H.M.Jr: I am ready to accept it. There is no need to consult me.

Now, on the top of page eight, why not bring in the consumer? They are also consumers, the farmers. There is also more malnutrition, I think, certainly in our part of the country amongst the farmers than there is in the cities.

Kuhn: That is right.

H.M.Jr: Mrs. Klotz, if you have anything you raise it.

H.M.Jr: Yes.

H.M.Jr: At the bottom of page eight, you keep talking about the British. Aren't you going to talk about the Russian people?

Kuhn: Well, are we feeding the Russians?

H.M.Jr: Not yet.

Kuhn: And the call hasn't come out. I would leave out one sentence on page nine, just to shorten it. "For more than two years their resistance has been the one unshaken obstacle to an attack by the Axis powers upon our Atlantic world," I think is unnecessary.

White: As a matter of question, do we produce too much corn if you want to produce more corn products?

Kuhn: That is what Wickard says.

H.M.Jr: I don't know. Now they have begun to use corn for alcohol.

Kuhn: Wickard says they produce too much corn, too much wheat, corn, tobacco, cotton, and sugar.

H.M.Jr: That we produce too much?

Kuhn: Yes. Those are five staples, aren't they?

H.M.Jr: I disagree with him.

"It is our responsibility and our highonor."

Kuhn: I like that because it is more than just a

responsibility. We ought to be glad to be doing it.

H.M.Jr: All right.

White: If we don't give them warm food - well, never mind.

H.M.Jr: What, Harry?

White: Read it and see if you don't think that Atlee thing can be cut out.

Kuhn: I only put it in because it lightens the speech a little bit. It gives them a personal touch. Here is a man who comes from Washington. He sees the great and the near great and he gets it from their own mouths.

H.M.Jr: I kind of like it.

White: It would be fine if his answer was "No," but he says, "It depends on what you mean by 'enough.'"

H.M.Jr: I kind of like it.

Kuhn: It makes them feel in that audience that they are being let in on a little private meeting.

H.M.Jr: I kind of like it.

Kuhn: You got the illustrations there.

H.M.Jr: Page twelve, somebody else will catch this anyway, at the top of the page. "It is by far the greatest single call ever made upon the productiveness." I don't like the "productiveness." You can use "the productivity."

Kuhn: Would you rather have "productivity"?

White: "Made upon American farmers." "By the output of American farmers."

Klotz: I would just say "American farmers."

H.M.Jr: I don't like the word "productiveness."
On the top of page thirteen, I am willing to say, "that England will be able to win the victory that is our own hearts' desire."

Kuhn: I was going to find something better, but if you are willing to stand for it - it is true.

H.M.Jr: It is very much true.

White: "Our own hearts' desire." That phrase doesn't fit. It doesn't seem to me to be quite appropriate.

H.M.Jr: You could say "able to win the victory that is uppermost in our minds."

White: Something of that character. It is too romantic a phrase for that sort of audience.

H.M.Jr: Oh, they love that. If I quoted them some poetry, they would just love it. It isn't romantic enough for this crowd. It is like what's-his-name before the labor thing, they love poetry.

Kuhn: Let's leave it.

H.M.Jr: It is all right as far as this audience goes. Hearts' desire, heart throbs. All right.

Kuhn: Then, "I am in favor of seeing that the credit of the United States," do you want to strengthen that and say, "Speaking as Secretary and a member of the Cabinet"?

H.M.Jr: I was just saying, I have got to show it to the President, so I think we had better leave it this way. I think this is enough. The President might say, "Well, how do you get that way, Henry? How can you do all that? You have never spoken to me about it." I think this is good enough.

White: Do you want to quote Wallace on that.

Kuhn: Well, he didn't give it as a quote. He--

H.M.Jr: He put it in my mouth.

White: I am one of those who believe with Secretary Wallace--

Kuhn: Vice President Wallace.

White: Or Secretary Wallace said, "In the long-run--"

H.M.Jr: No. This is good on page fourteen.

Kuhn: Do you want some more examples, Spain or China? I think we have got enough.

H.M.Jr: No.

Kuhn: Do you call it "feeding stuff" on the farms?

H.M.Jr: I think so.
Now, "the true new order," over the shortwave broadcast, "the true new order," "the very true new order"?

White: "The new order" already means something in the public minds.

Kuhn: "The coming democratic order."

H.M.Jr: That is all right. That last sentence on

fifteen, "If we are to build a better world from the old," I wonder if you don't want to leave out "from the old"?

Kuhn: "A better world."

H.M.Jr: "From the old" has a lot of connotations to it.

Kuhn: May I make a suggestion on page sixteen?

H.M.Jr: Please.

Kuhn: Leave out the sentence, "There is nothing really revolutionary," and where you say flatly, "We should guarantee," it might meet Gaston's point if you were simply to say, "My own feeling is that we should guarantee."

H.M.Jr: Where is that?

Kuhn: Top paragraph, fourthline, of page sixteen. "My own feeling is that we should guarantee," see? Then it is an idea that you throw out rather than a program, a definite program which you are propounding, and you can't propound it because we don't have it yet.

H.M.Jr: All right.

Now, that about "revolutionary."

Kuhn: That is all right.

H.M.Jr: And also the word "communism"?

Kuhn: That is out. It starts in, "After all, the governments of free countries."

Page seventeen, this meeting you are addressing

is the seventy-fifth anniversary of the Grange; and, if you wanted to slip in a little compliment to them, you could say, "We decided seventy-five years ago, about the time that the National Grange was founded."

H.M.Jr: Right.

In the middle of page eighteen, why put this thought in their mind: "I speak of it today not as a wild dream"? You could leave out the word "wild," if you want to.

Kuhn: "Not as a dream"?

H.M.Jr: Yes.

Kuhn: Yes, "not as a dream."

H.M.Jr: "There must be no repetition of 1920," at the top of page twenty, "which, as you well know from personal experience--"

Kuhn: Right.

H.M.Jr: "... was the black year."

Kuhn: "The bitterest year."

H.M.Jr: Yes.

Kuhn: "For which foreign markets no longer exist."

H.M.Jr: That is all right.

I don't know what you mean on the top of page twenty-one, "future of free peoples is bright if we only have the wisdom to use it well."

Use what well?

Kuhn: Use the future well. Use it better than we used it last time.

H.M.Jr: Well, I just thought I would question it.
Do you agree?

Klotz: It is awkward, yes.

H.M.Jr: I think it is very good, and I think with very little work it can be finished. Any suggestions?

Klotz: No.

H.M.Jr: I will enjoy saying it.

Kuhn: You enjoy talking on these things?

H.M.Jr: Yes.

Kuhn: Harry, have you got a little time now for me on this?

White: Yes.

Kuhn: Do you have anything the Secretary ought to clear before we change it?

White: No, I think all the suggestion I have, you and I would agree on.

H.M.Jr: Mr. Kuhn, before you depart down the hall, do you or Mrs. Klotz know who is coming to my house Thursday night?

Kuhn: I have talked to Mrs. Klotz about it. I sent a message to Kern by wire Monday. He was already on a train bound east, and I know that the message got to him and his daughter sent it on to the train. That is, I know she forwarded it. I put in a call to New York

for him this morning, and I will be able to let you know.

- H.M.Jr: How about Dietz?
- Kuhn: I didn't ask Dietz until I knew that Kern and Hammerstein were coming. I didn't know whether you wanted to have Dietz alone.
- H.M.Jr: Oh, yes.
- Kuhn: You wouldn't mind having him alone?
- Klotz: I told them they were all disinvented if Hammerstein and Kern didn't come.
- Kuhn: Dietz will be talking shop and Kern won't be.
- H.M.Jr: I want Dietz to talk shop.
- Kuhn: May I let you know--
- H.M.Jr: Well, here is the point. The evenings are awfully hard to get, you see. It so happens that Mrs. Morgenthau is going out to Miss McGeachy's, so she is out and that is why I am making use of this evening.
- Kuhn: I think it would be useful to get Dietz down here anyway, if you are willing, because he has got an awful lot to clear with you.
- H.M.Jr: Yes. I think I would make use of this evening to have Dietz.
- Kuhn: Get Dietz anyway, with Graves and me?
- H.M.Jr: Yes.
- Kuhn: And if Kern and Hammerstein can come, that is fine.

DRAFT OF SECRETARY MORGENTHAU'S ADDRESS
TO THE NATIONAL GRANGE
WORCESTER, MASS., NOVEMBER 15, 1941

*Draft discussed at
Meeting held on
November 13, 1941-
10:30 A.M.*

Today as never before it is an honor to be an American farmer. The future health and happiness of all the world depends, as never before, upon the American farmer's work and skill and enterprise. I am very happy, therefore, to have this opportunity of speaking to a great audience of American farmers, and to accept at your hands, Mr. Taber, this pin that certifies to twenty-five years' membership in the National Grange. I shall wear it as a badge of honor.

To anyone who lives and works on the good earth it brings a new pride year after year, to sow the new crop, to tend it carefully, and to harvest it at last. Speaking to you as a fellow farmer rather than a

Secretary of the Treasury, I can assure you that the greatest satisfaction of my life is to see the trees that I planted on my own farm twenty-five years ago grow and blossom and bear good fruit. To me there is a far greater sense of achievement in helping to gather a fine crop of apples on my farm than in conducting a successful financing operation of a billion dollars at the Treasury. Sometimes the two jobs mix, although they seldom conflict or compete. At the Treasury we have, for example, been appealing to farmers to invest their savings in Defense Bonds and Stamps, which not only help the Treasury to pay for the arming of our country, but also give an opportunity to every farmer to win future security for himself and his family. Insecurity has been the nightmare of American farmers through the generations,

ever since pioneer days; I believe in all sincerity that the Treasury's savings program can help to banish that nightmare from farmers' minds.

The same is true of the Treasury's program for fighting inflation, which at the moment occupies more of my time and thought than any other subject. Your National Master has spoken eloquently to you of the danger of inflation to farmers in this country. May I quote a few sentences of what he said:

"Next to the suffering on the battlefield and the anguish of those at home, inflation is one of the calamities of war . . . How could any farmer forget 1921 and '22, or 1932 and '33? This is one time when we dare not forget that wild inflation means economic disaster. Inflation endangers all forms of wealth, every bank deposit, and, in fact, all of the established accumulations of generations."

There are many ways to fight inflation, but one of the most effective is to produce more of the goods which do not compete with our defense effort for materials or for labor. That means, quite simply, to produce more food in the interests of the consumer and the farmer as well. I should like to pay my tribute of respect and gratitude to the work of Secretary Wickard and the Department of Agriculture in the past six months in encouraging our farmers to grow more of the right kinds of food -- more dairy products, vegetables, fruits and meats, the so-called ^{protective} ~~productive~~ foods on which our national well-being depends. This is admittedly a revolutionary program, a revolution away from the staple crops which have been the backbone of American agriculture

until now. Yet it is not a bit too revolutionary for the crisis that surrounds us and for the opportunity that confronts us.

The opportunity ahead of American farmers at this time is so vast that very few of us, I think, can conceive it. We have prided ourselves on being the best fed nation in the world. Europeans who have come to our shores have marvelled at the ~~sides~~^{stacks} of fruit and vegetables in our shops and at the abundance of the diet available to American families. Yet only the other day the President of the United States expressed his sense of shame at the high percentage of recruits to the army who had to be rejected. Nearly 50 percent of two million men examined for selective service were

found to be mentally or physically unfit, and of those rejected a large number were suffering from dental defects or other results of faulty nutrition. The President was understating when he described these conditions as an indictment of America.

Several years ago, just after coming to the Treasury, I took part in the conception and inception of the food stamp plan, which was an attempt to bring some of our surplus commodities into the hands of the underprivileged. The plan was begun at a meeting between Vice President Wallace, Mr. Harry Hopkins, Doctor Thomas Parran, and myself. In line with this effort Doctor Parran, who is now Surgeon General of the United States and was then the head of the Public Health Service, undertook an investigation into the food-buying habits and nutrition in the District of Columbia. Here was a compact

area where per capita wealth was higher than that of any State, yet Doctor Parran found widespread undernourishment, caused in part by the lack of the right kind of food, but caused still more by a lack of knowledge or of willingness to buy the right kinds of food. He found that among those with the lowest incomes, too much of the weekly pay envelope went for candy, tobacco and liquor, and that whenever sacrificing had to be done it was done by saving on food and by endangering the health and strength of the family.

I suspect that similar investigations in other parts of the country might yield a similar result even today when our public is more vitamin conscious than when Doctor Parran's study was made. This is a challenge that

we as a government, and we as farmers must meet together. The Government can help by means of education and by heavier taxation of those goods which are not essential to health and strength. But farmers can do by far the biggest part of the job by producing more -- not the wheat and corn and tobacco, of which we have been producing too much, but by diverting land and effort to the production of milk, butter, eggs, pork products, fruits, and leafy vegetables. It must no longer be said of this rich country of ours that millions of our people still go without the food that is necessary to good health and good morale.

Side by side with this ^{challenge} ~~charge~~ that confronts us at home, there has come a still more urgent and insistent call from across the sea. The British people, as you know,

have had their chief sources of food supply cut off either by invasion, as in the cases of Holland and Denmark, or by shipping shortages as in the case of Australia and New Zealand. The British today are living under conditions of siege. Their island home is one vast fortress, and every man, woman and child is in the garrison, fighting our fight as well as their own. For more than two years their resistance has been the one unshaken obstacle to an attack by the Axis powers upon our Atlantic world. It is our responsibility, and our high honor, to see that they are fed, not with a trickle of occasional shipments, but with enough warm and sustaining food to enable them to carry on there with health and morale unimpaired.

American farmers have already done a mighty work in sending food to England in her time of greatest need. Secretary Wickard has already told you of the huge amounts that we are pledged to send during 1942. It will help us, I think, to produce those vast quantities if we bear constantly in mind the relief which our food is bringing. The other day I had a talk with Mr. Attlee, the Deputy Prime Minister and leader of the British Labor Party, who is on a visit to this country. I asked him particularly whether his people were getting enough to eat. He said that the answer depended on what you meant by "enough". The health officers throughout England have assured their government that in terms of calories and vitamins the British people are not getting too little. Yet Mr. Attlee told me, and I have heard this borne out by my friends

who have come back from England, that the British people are hungry all the same, and especially the heavy workers who depend on plenty of sustaining food to keep them hard at work on the railroads or in the mines or in the factories where heavy war work must be done. The coal miners of Wales, for example, are performing a job that is absolutely essential if the war effort is to continue, yet for months their productivity in the mines suffered, and their endurance to carry on was impaired, because they did not get the meat and cheese that they are accustomed to bring to work with them. Now, thanks largely to your help as American farmers, restaurants have been established ~~in~~ ^{at} the mines themselves, so that the miners now get a more

adequate supply of the food they need to carry on.

That is an achievement which must be continued throughout 1942 and as long as the war may last. It is by far the greatest single call ever made upon the productiveness of American farms. If you add it to our own requirements, it is a call that will use all of our ingenuity, all our effort, and all of the experience that we have gained in recent years, if we are to meet it successfully. In this effort the American farmer is as vitally important as the aircraft worker who builds a new bomber or the shipyard worker who helps to send a new battleship on its way. Knowing what I do of the greatheartedness of our farmers and of their capacity for hard work in a great cause, I am confident

that that call will be answered and that England will be able to win the victory that is our own hearts' desire.

But after the victory -- what then? The opportunity for American agriculture after the war and the need for colossal production of the right kind of food will be many times greater than it is even today. Where ten's of millions in England are depending on us now, hundreds of millions throughout the ravaged continent of Europe will be stretching out their hands to us when the war is over. I am in favor of seeing that the credit of the United States is used to do the humanitarian thing, the economic thing, the sound thing, in putting the great food production of the United States into the stomachs of the needy millions. I am one of those who believe

that in the long run service to humanity is economically sound.

I am thinking ^{not} only of the actual hunger that will be sure to exist when the next Armistice comes, *but* ~~I am thinking~~ also of the ruined agriculture of many countries that depended upon farming for their very existence. I am thinking of the herds that have been slaughtered in Denmark and Holland which lived on their exports of dairy products. I am thinking of the scorched earth in the great farming areas of Russia, where farm houses and farm implements have been destroyed in the past five months on a scale unparalleled in all history. There will be a lack of seed, a lack of feeding stuff for livestock and in many countries a lack of manpower to tend the farms. Again, as so often in the past,

American agriculture can save Europe from hunger and from the anarchy that comes with hunger on such a scale.

It is true, as the President said recently, that our job now is to win the war rather than make blueprints of what is to follow. I agree with him, yet I think there is one great fact about the coming democratic order in Europe, the true "new order", which we should do well to remember now, That is that great masses of decent hardworking men and women will no longer tolerate the economic insecurity which furnished so much of the fuel for their political turmoil of the past 25 years. They are going to demand certain elementary guarantees for a decent life, and I think they will be right and amply justified. If we are to build a better world from the old -- and that goes for our own country as well as

for those abroad -- we shall have to recognize that the citizen should be guaranteed a minimum standard of food with which he can live the life of a free man. We should guarantee to every citizen the right to have enough milk and butter, enough fruit and vegetables, enough of the protective foods of all kinds so that he can be fit to play his part in the world of tomorrow.

There is nothing really revolutionary in what I have said, although to some it may sound like outright communism. After all, the governments of free countries decided about 100 years ago that every citizen was entitled to police and fire protection as a matter of right. Our police departments and fire departments were established with State funds to give to the citizen an essential service which he could not afford to provide for himself.

We in America decided about 75 years ago that every citizen was entitled to a decent education as a matter of right, and we established the greatest free school system in the world to provide that right. We found that it was not fair, and that it did not pay us as a nation, to permit illiteracy on a vast scale and to enable only those with wealth or other advantages to have a proper schooling. We have provided that schooling with State funds and nobody would dream of abandoning it now.

We decided eight years ago that every citizen should have protection against unemployment or old age or disability, and we enacted a whole series of historic measures to give him that protection as a matter of right. We found

that it was not fair and that it did not pay us as a nation to leave millions of our people at the mercy of economic cycles over which they had no control. These changes, like the others, have been ^{accepted,} ~~accomplished,~~ and I doubt whether any except the most uncompromising Tory among us would abandon them now.

What I am suggesting would merely carry the process further. I speak of it today not as a wild dream but as something which I am convinced must follow, not only in this country but all over the world, if we are not to revert into an endless barbarism of wars and revolutions. It is ^{one method} ~~our form~~ of ensuring the survival of the way of life which we treasure in common with other free peoples throughout the world.

I have suggested it to this particular audience because I want you to consider for a moment what a tremendous opportunity it brings to American farmers. If our people and other peoples are to be guaranteed a minimum standard of living which I believe is their right, then we in this country will have to produce the food that will make that minimum standard possible. If we guarantee a minimum in the protective foods for everyone in the United States it will mean an increase in consumption to _____ times what it is now. It would mean that the farmers would have a greatly increased market here at home -- the best kind of market, for it would not be subject to foreign tariffs, and it would also increase steadily as population increased.

There need be no agricultural collapse after this war. There must be no repetition of 1920, which was the black year for American farmers. If we produce more of these crops of dairy products, fruits, vegetables, and meat, and if we ensure an increased demand for them, there will be less need for crops for which markets no longer exist, and for which the Government has had to provide artificial support. The farmer will be able at last to throw away his crutches. There will be less illness due to faulty nutrition, greater vitality and productiveness among our workers, and a greater length of life for all our people.

I have never been one of those who believe that we are heading into a period of misery and darkness. The

future of free peoples is bright if we only have the wisdom to use it well. The future of the American farmer has never been so bright, if only he will have the foresight to live up to its opportunities.

November 12, 1941
10:56 a.m.

Colonel

Greenbaum: But is it still an important matter?

HMJr: Sure it is.

G: Well, would - you know the trouble - what we're up against and he's had me working on that the last week and I'm having a couple of sessions today on it, and I wanted to know, would there be any real difficulty in having the President write a directive asking for that? If we need that in that way?

HMJr: Oh, my. Can't you fellows do anything over there unless teacher tells you to?

G: No, not on a thing like this; because it's just taking money away that's so hard to get and it's a pretty damn tough thing. It's a lot of money and it's one of these things that they're naturally very reluctant to do.

HMJr: Well, I don't know. He wrote me a letter on taxes to Doughton. He might write a letter to Stinson.

G: (Laughs)

HMJr: If that's what Stinson wants.

G: I'll see what we can do on the thing. The point is a voluntary thing. When you put it up to the different supply-ones to give up a hundred and ten million dollars or thereabouts, they're not very keen to do it, naturally.

HMJr: Of course, you saw what Mr. Churchill said the other day that came over the ticker, that they'd ended their - they'd reached the end of their financial resources.

G: Well, the answer is in your opinion it is as important as it was before or maybe more so?

HMJr: No, I simply say it's just as important.

G: Just as important.

HMJr: Yeah.

G: Well, we'll see what we can do on it, then.

HMJr: Well, I'm glad he put a good man on it, anyway.

G: Well, when I see you about it, I'll tell you the difficulties. It hasn't been neglected in any way, but there's an awful difficult problem - nut to crack there.

HMJr: Well, you're a good nutcracker.

G: Okay.

HMJr: All right.

G: You don't want those movies, I understand.

HMJr: Well, I just haven't got time see them.

G: Well, whenever you want them, let me know.

HMJr: Righto.

G: Then when you get - I'd like to talk to you when you have time about that other stuff that you mentioned.

HMJr: Right.

G: All right, Henry.

HMJr: Thank you.

G: Thank you.

November 12, 1941

MEMORANDUM

To: The Secretary

From: Mr. Blough

Subject: Conference on Tax Program with Chairman Marriner Eccles and Mr. Leon Henderson, November 12, 1941.

Yesterday, November 11, 1941, while discussing with Secretary Morgenthau a speech which he proposed to give before the National Grange on Saturday, Mr. Harry White said that he understood Mr. Henderson was disturbed because he had not been consulted about the proposed tax legislation. The Secretary said that he had talked with Vice President Wallace who had told him that twice within the last two weeks Mr. Henderson had presented a tax plan to the SPAB. The Secretary then called Mr. Henderson and the conversation was heard over the loud speaker by the group present in the room. The Secretary mentioned the matter about which Vice President Wallace had spoken. Mr. Henderson said that he had not submitted any tax plan, that he had presented a memorandum indicating the factors affecting the inflation situation, including taxation. The Secretary said that that was not what Mr. Wallace had said and that he was embarrassed about it. Mr. Henderson said that he had been very much embarrassed by not knowing about the plans of the Treasury Department. The Secretary then invited him to come to the Treasury on November 12 at 3:15 p.m., and said he would try to get Chairman Eccles also.

The meeting was held in Mr. Sullivan's office. Present were the Secretary, Chairman Eccles, Mr. Henderson, Assistant Secretary Sullivan, Mr. Barnard, Mr. Tarleau, and Mr. Blough. The Secretary explained briefly what the situation was and Mr. Sullivan outlined the matter at somewhat greater length. He pointed out that the Treasury's

plan involved a number of things in addition to a withholding tax but that it was decided to break the plan into the part which would be asked for immediately and the part which would be asked for later. Chairman Eccles said that he thought it would be impossible to get the withholding tax without getting the other part at the same time or previously. He said he thought it would be necessary to close the loopholes, strengthen the excess profits tax, and do other matters which Labor insisted on having done, such as increasing surtaxes, before it would be possible to get the withholding tax.

Mr. Henderson and Mr. Blough then engaged in some discussion of the work done by Mr. Shoup and his group; Mr. Blough indicated that the Shoup report had been discussed exhaustively with members of other governmental staffs, including those of Mr. Eccles and Mr. Henderson. Mr. Henderson indicated that it would be quite impossible to make any estimate of the inflationary gap without information which his office had concerning the plans for civilian production and for the "victory program." He said it was possible that ordinary production would be so diminished that there would be less purchasing power rather than more until the adjustment had been made and that this adjustment might be a slow process.

Mr. Henderson continued, saying that he had had some people working on the subject and had had Professor John Maurice Clark and Professor Calvin B. Hoover checking on the assumptions. Mr. Blough pointed out that Mr. Shoup had been in contact with members of Mr. Henderson's staff in the process of preparing the study and also through the review previously mentioned.

The Secretary pointed out that matters were still in a preliminary stage and that no program had as yet "jelled." He asked whether if, through joint discussion, agreement could be reached on 80 percent (for example) of the program, Mr. Henderson and Mr. Eccles would refrain from attacking it when presented by the Treasury. They both said there should be a united front and no differences before the Committees, but indicated that they would like to testify.

The Secretary said he would like to have the technical staffs of the three agencies get together and that after things had been worked out more nearly finally another meeting should be held with Mr. Henderson and Mr. Eccles. Mr. Eccles appeared to take the view that meetings should be held quite frequently in order to decide points of policy.

It was agreed that Mr. Blough would get in touch with Mr. Richard Gilbert and Mr. Martin Krost on Thursday, November 13th. He would indicate what we had been doing and bring them up to date on the details of the plans. The technical people would then meet later also to exchange information.

No decision was reached as to when Mr. Henderson and Mr. Eccles would meet the Treasury people again. The Secretary indicated that the responsibility for seeing that Mr. Eccles and Mr. Henderson were serviced and informed about the work the Treasury was doing would rest on Mr. Sullivan.

The general impression seemed to be that what the Treasury had done to date was not opposed to what either Mr. Henderson or Mr. Eccles wished to have done so far as proposing taxes or a new anti-inflationary program was concerned. Mr. Henderson mentioned that last Spring when he wanted an anti-inflationary program the Treasury did not seem so willing to go along.

After the meeting Mr. Blough gave Mr. Henderson copies of the "Possible Anti-Inflationary Taxes" page which was sent to the Ways and Means Committee, the effective rate and tax tables which have been prepared regarding the proposal, and a copy of the Shoup Report.

RB

Preliminary Outline of Possible Tax on Increased
Income of Individuals

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(1) Declaration of emergency. Congressional declaration of emergency created by imminent threat of inflation and necessity for preventing exorbitant profits by individuals from the defense emergency.

(2) Imposition of tax. There is imposed on the "excess of spendable income" of every individual a tax at the following rates: If the excess of spendable income is not over \$1,000, 25 percent of the amount thereof; if the excess of spendable income is over \$1,000 but not over \$2,000, \$250 plus 50 percent of the excess of spendable income over \$1,000; if the excess of spendable income is over \$3,000, \$1,250 plus 75 percent of the excess of spendable income over \$3,000,

(3) Amount of tax to be returned in the form of bonds.

(a) Under regulations to be prescribed by the Secretary a portion of the tax imposed by paragraph (2) and paid by the taxpayer shall be returned to him in the form of bonds, as follows: If the tax under this subchapter for the taxable year does not exceed \$250, 75 percent thereof; if the tax for the taxable year is more than \$250 but not more than \$1,000, \$187.50 plus 50 percent of so much of the tax as exceeds \$250; if the tax for the taxable year is in excess of \$1,250, \$337.50 plus 25 percent of so much of the tax as exceeds \$1,250, but the amount of bonds receivable in respect of the tax under this subchapter for any taxable year shall not exceed \$10,000.

(b) Such bonds shall be payable ten years after the termination of the emergency declared in paragraph (1) and shall bear interest at the rate of 5 percent per annum beginning with the date such emergency is terminated, provided, however, that such obligations shall be payable on demand, without interest, at any time more than two years after the date of the termination of the emergency. The date of the termination of the emergency shall be the date stated in a proclamation of the President as the date the conditions stated in paragraph (1) have ceased to exist.

(4) Determination of excess of spendable income. The excess of spendable income for any taxable year shall be the taxpayer's Subchapter ___ net income less --

(a) the credit provided by paragraph (6) for the taxable year;

(b) the tax imposed by Chapter 1 for such taxable year and not otherwise allowed as a deduction under section 23 for the taxable year in which paid or accrued;

(c) the personal exemption and credit for dependents.

(5) Subchapter ___ net income. The Subchapter ___ net income for the taxable year shall be the net income for such taxable year with the following adjustments:

(a) There shall be excluded long-term capital gains and losses. There shall also be excluded the excess of gains from the sale or exchange of property held for more than eighteen

months which is of a character which is subject to the allowance for depreciation provided in section 23 (1) over the losses from the sale or exchange of such property.

(b) A deduction shall be allowed for amounts paid in the taxable year to any school for the education of the taxpayer or any member of his family.

(c) A deduction shall be allowed for all medical expenses paid for the taxpayer or any member of his family.

[(d) A deduction shall be allowed for dividends received from domestic corporations. Such income, since it is likely to constitute war profits, ought perhaps not to be excluded. Failure to exclude dividends, however, will be to adopt a policy directly contrary to that of the undistributed profits tax, since it will tend to prevent the distribution of corporate profits. The subject of taxing dividends also raises the problem of double taxation, since the corporate income may already have been subjected to the excess profits tax imposed by Subchapter E of Chapter 2 of the Internal Revenue Code. As to dividends distributed from profits accumulated over a period of years, it is believed that paragraph (7) (a) below would afford some relief.]

(6) Determination of credit. The credit allowable against Subchapter ___ net income in computing the excess of spendable net income for the taxable year shall consist of the sum of the following:

(a) The taxpayer's net income for 1941, 1940, or 1939, whichever is greater, adjusted in the same manner as provided in paragraph (5) and reduced by the taxpayer's personal exemption and credit for dependents for the current taxable year.

(b) 75 percent of so much of the taxpayer's net income for 1941, 1940, or 1939, as the case may be, adjusted as provided in paragraph (5) as does not exceed \$1,000, 50 percent of the next \$2,000, and 25 percent of the remainder.

(c) 10 percent of the credit allowable by this paragraph for the previous taxable year.^{1/}

[(d) An unused credit carry-over from the two preceding taxable years computed similarly to that provided by section 710 (c).]

[Note: Consideration should be given to the possibility of providing an alternative to the credit provided by this paragraph in the case of a trade or business employing invested capital. If the difficulties of computing invested capital in the case of a partnership or sole proprietorship can be overcome it may be advisable to provide an alternative credit based on invested capital, as is done in the case of corporations. If this is not done it may tend to place a premium on the incor-

1/ The effect of this paragraph (c) in the case of taxpayers without any income experience prior to 1942 is to allow an exemption consisting solely of the personal exemption and credit for dependents. This is probably not sufficiently large to prevent a hardship. It might therefore be provided that the minimum credit allowable under this paragraph shall be \$1,000 for the first taxable year, and for any succeeding taxable year 110 percent of that for the preceding taxable year.

poration of businesses which are not now conducted in corporate form.]

(7) Abnormalities cases.

(a) Include a provision similar to section 721.

(b) Include in the net income for 1941, 1940, or 1939, as the case may be, net income from property in the hands of a previous owner for such year if such property was acquired by the taxpayer by gift or inheritance.

(c) Reduce abnormal test period deductions. See section 711 (b) (1) (H), (I), (J), and (K).

(8) The tax imposed by this subchapter shall apply to taxable years beginning after December 31, 1941, and before the date of the termination of the emergency declared in paragraph (1).

November 12, 1941
4:00 p.m.

RE GRANGE SPEECH

Present: Mr. Kuhn
Mr. Bledsoe
Mr. White
Mrs. Klotz

H.M.Jr: We will let Mr. Kuhn read this out loud. He has a melodious voice.

Kuhn: Do you want to go over the whole thing?

H.M.Jr: I would like to.

Kuhn: I spoke to Miss Elliott over the phone. She can't come, but she told me her ideas. They were exactly in line with yours, and I told her I would give her a copy tonight.

"Today as never before it is an honor to be an American farmer. The future health and happiness of all the world depends, as never before, upon the American farmer's work and skill and enterprise. I am very happy, therefore, to have this opportunity of speaking to a great audience of American farmers, and to accept at your hands, Mr. Taber, this pin that certifies to twenty-five years' membership in the National Grange."

H.M.Jr: You talk up, Mr. Bledsoe.

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"To anyone who lives and works with the good earth it brings a new pride year after year, to sow the new crop, to tend it carefully, and to harvest it at last. Speaking to you as a fellow farmer rather than as Secretary of the Treasury, I can assure you that one of the great satisfactions of my life is to see the trees that I planted on my own farm twenty-five years ago grow and blossom and bear good fruit. And during these twenty-five years it has meant a great deal to Mrs. Morgenthau and to me to be members of the Wicopee Grange, near our farm in the Hudson Valley. The local Grange has given us a place to discuss common problems with our farming neighbors, and it always has given us the feeling that we are a part of this great national organization which for seventy-five years has been the friend of every farmer in the United States. I shall wear my membership as a badge of honor."

H.W.Jr: Just a minute. "With our neighbors," leave out the word "farming," because the Grange has non-farming members.

Bledsoe: That is quite true.

H.W.Jr: Yes. They have non-farming members.

Kuhn: But that was new and that is what you wanted.

H.W.Jr: That is right. "With our neighbors."

Kuhn: Right.

"I had intended to remind you at the very start of this talk of the danger of inflation as it might affect the farmers of the United States; but your National Master has already spoken of the danger, and has done it eloquently. May I quote a few sentences of what

he said?

"Next to the suffering on the battlefield and the anguish of those at home, inflation is one of the calamities of war . . . How could any farmer forget 1921 and '22, or 1932 and '33? This is one time when we dare not forget that wild inflation means economic disaster. Inflation endangers all forms of wealth, every bank deposit, and, in fact, all of the established accumulations of generations."

"One of the most effective ways to fight inflation is to produce more of the goods which do not compete with our defense effort for materials or for labor. That means, quite simply, to produce more food in the interests of the consumer and the farmer as well. I should like to pay my tribute to the work of Secretary Wickard and the Department of Agriculture in the past six months in encouraging our farmers to grow more of the right kinds of food -- more dairy products, vegetables, fruits and meats, the so-called protective foods on which our national well-being depends."

Bledsoe: There is a question there, and it is very minor. Of course, I think our argument has always been that the production of food is not competing with our defense effort.

Kuhn: With our defense effort?

Bledsoe: You can say "with our industrial defense effort."

H.M.Jr: How about "with our total effort"?

Bledsoe: Of course with the total effort there is some competition there. That is, what I am referring to now is the industries we already have in competition with farm labor. That is, there is competition there. Farm labor and there is,

for example, some of your farm machinery and various - but that suggestion Mr. Kuhn made, to modify it with the word "industry" would get it all right.

- Kuhn: "Would still not compete with our defense industries for materials and labor."
- Bledsoe: Yes.
- H.M.Jr: What paper did you used to be on?
- Bledsoe: Associated Press.
- H.M.Jr: I was just trying to - I never met you. I was trying to place you.
- Bledsoe: I covered the Treasury for a while. You were at that time over at the Farm Credit Administration.
- H.M.Jr: O.K.
- Kuhn: "The opportunity ahead of American farmers at this time is so vast that very few of us, I think, can conceive it. We have prided ourselves on being the best fed nation in the world. Europeans who have come to our shores have marvelled at the stacks of fruit and vegetables in our shops and at the abundance of the diet available to American families. Yet we are not as well nourished as outward appearances might show. Only the other day the President of the United States expressed his sense of shame at the high percentage of recruits for the army who had to be rejected. Nearly 50 percent of two million men examined for selective service were found to be unfit, and of those rejected a large number were suffering from dental defects or other ills that probably were due to faulty nutrition."
- I checked it with Dr. Parran, Mrs. Klotz,

and he said that he used to estimate that about thirty percent of all dental cases were the result of bad nutrition.

"The President was not overstating when he described these conditions as an indictment of America."

- H.M. Jr: Just a minute. I don't know whether this is apropos. When Mrs. Maynard Keynes was over here, she said the one thing that impressed here - she is Russian - is the country being so rich but so wasteful. You can use it. I would quote her.
- Kuhn: It is good.
- White: She is accustomed to seeing the way the French finish up their plates. (Laughter)
- Kuhn: With a piece of bread.
- H.M. Jr: All right.
- Kuhn: Incidentally, I saw that comparison. The British camp experience building up recruits.
- H.M. Jr: Yes.
- Kuhn: But I don't think it was in a form you would want to use.
- H.M. Jr: Miss McGeachy?
- Kuhn: No, I got it out of some of those documents Dr. Parran sent over.
- H.M. Jr: Good.
- Kuhn: "A few years ago I took part in the conception and inception of the food stamp plan, which was an attempt to bring some of our surplus

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commodities into the hands of the under-privileged."

H.M.Jr: I am putting this into the form of a suggestion of the Vice President.

Kuhn: "The plan was begun at a meeting between Vice President Wallace, Mr. Harry Hopkins, Doctor Thomas Parran, and myself. In line with this effort Doctor Parran, who is now Surgeon General of the United States and was then the head of the Public Health Service, undertook an investigation into the food-buying habits and nutrition in the District of Columbia. Here was a compact area where per capita wealth was higher than that of any State, yet Doctor Parran found widespread under-nourishment, especially in milk, green vegetables and citrus fruits."

H.M.Jr: Did you find the report?

Kuhn: Yes.

"I suspect that similar investigations in other parts of the country might yield a similar result even today, when our public is more vitamin conscious than when Doctor Parran's study was made.

"This is a challenge that we as a government, and we as farmers and consumers must meet together. The Government can help by encouraging and promoting the production and use of the right kinds of food, and by heavier taxation of those goods which are not essential to health and strength. But farmers can do by far the biggest part of the job by producing more -- not the wheat and corn and tobacco, of which we have been producing too much, but by diverting land and effort to greater production of milk, butter, eggs, pork products,

fruits, and leafy vegetables. It must no longer be said of this rich country of ours that millions of our people still go without the food that is necessary to good health and good morale."

H.M.Jr: Now wait a minute.

Bledsoe: I would say instead of "corn," "cotton." There is a question. Of course, since corn is a great feed crop--

H.M.Jr: Excuse me, I can simplify it. I don't want to say it at all.

Bledsoe: I see.

H.M.Jr: I don't want to say, "We have been producing too much."

Bledsoe: That is true in the cases of wheat, cotton, and tobacco.

H.M.Jr: Granted, but if you don't mind, I would rather not say it.

Bledsoe: That is up to you.

H.M.Jr: Farmers can do more by producing more.

Kuhn: And by diverting land.

H.M.Jr: Yes. Is there any conflict with you?

Bledsoe: No. That is a matter of personal choice for you.

H.M.Jr: Then I would like to leave out the "wheat" and down through "too much."

Bledsoe: No question at all.

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- White: Everybody who produces wheat, cotton, corn, or tobacco would not like it.
- H.M.Jr: Would not like what?
- White: If you put it in.
- H.M.Jr: And if I leave it out?
- White: They will never miss it.
- H.M.Jr: Right. (Laughter)
- White: Why did you squawk "instead of meat"? Is that proper?
- Bledsoe: Probably the reason was that the British are getting their beef from the Argentine. We are trying to get them not to produce more beef but to market more.
- White: Have Americans got adequate meat supplies if they had an adequate diet?
- Bledsoe: No, you are getting into some involvements there.
- Kuhn: Pork products means more than just a ham and pork. It means sausages and--
- H.M.Jr: It means from the snout to the squeal.
- Bledsoe: Yes. I might add that in the case of beef, we are now approaching the top of what is known as your cattle cycle.
- White: Well, don't bother explaining it. If it is all right with you, it is all right with me. (Laughter)
- H.M.Jr: Any time you want, Harry will give you his explanation on gold in exchange.

Kuhn: "Side by side with this challenge that confronts us at home, there has come a still more urgent and insistent call from across the sea. The British people, as you know, have had their chief sources of food supply cut off either by invasion, as in the cases of Holland and Denmark, or by shipping shortages as in the cases of Australia and New Zealand. The British today are living under conditions of siege. Their island home is one vast fortress, and every man, woman, and child is in the garrison, fighting our fight as well as their own. It is our responsibility, and our high honor, to see that they are fed, not with a trickle of occasional shipments, but with enough warming and sustaining food to enable them to carry on there with health and morale unimpaired."

H.M.Jr: I have got to stop to tell you a story. Eugene Meyer was over today. He said, "All I can tell you is that if I was a German soldier I would much rather beat an English soldier than one of those English WAAFS, because he said they are much, much tougher than the Englishmen."

Kuhn: You mean the women, the WAAFS?

H.M.Jr: Yes. He says they are much tougher.

Kuhn: They look tougher.

White: Is potatoes a leafy vegetable?

Bledsoe: Not in the ordinary sense of the word. It is a tuber.

White: Why put leafy vegetables?

- Kuhn: Because in all the studies of nutrition like the Parran thing, they say that is the thing that people run short of. They get enough potatoes.
- White: You are talking to a lot of farmers. Every potato grower in Maine will say, "This leaves me out."
- Bledsoe: No, potatoes are not thought of as a leafy vegetable.
- White: Why don't you cut out the word "leafy" vegetables?
- Bledsoe: While we are on that question, at the top of page eight, I wouldn't raise any question on it. "It must no longer be said of this rich country of ours that millions of people still go without the food that is necessary to good health" and so forth. The British have raised this question with us and we have stressed the nutrition angle. They say, "What are you doing over here in this food effort? Are you going to step up your own - " that is, are you going to produce--
- H.M.Jr: You say that?
- Speaking to the American people. "Are you going to produce enough to increase your standard of diet to where everybody is well fed and then make up for past deficiencies and then give us what is left?" They raise that question. They say, "We are in complete sympathy with the idea that your people should be well fed," but the question is, should you emphasize that so much now when a war goes on and the stress of our needs and of Russia's needs will demand that you cut down and you may have to ration. We argue that we won't have to ration if things

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go well, but we don't know what is going to happen. It is a minor point.

H.M.Jr: Well, my own guess is that we can raise enough grain ourselves.

Bledsoe: We think so too.

H.M.Jr: I think so. All a man has got to do is just take an automobile through the Hudson Valley and see the acres and acres of pasture which could be raising all kinds of vegetables. Wheat and corn could be put on the back of the cow. The possibilities of stepping up the milk production are just tremendous.

Bledsoe: Yes, but we are up against that right now. It takes two years, you know, for a cow to--

H.M.Jr: I know, but you can release a little of that feed, you know, so you can put it into the cow and let it come out through the milk pail.

Bledsoe: Yes, you can do something by feeding, extra feeding, I agree with that.

H.M.Jr: Oh, it is tremendous. I have seen the figures of what you can do through extra feeding.

Bledsoe: I will tell you what I will do that will surprise you though. Let me get you some figures - I will make a little note of it and send it to you - on some of our estimates over there.

H.M.Jr: Yes, I would like that.

White: In any case, this all leads up to increased production. After you produce more, you can decide who is going to get it.

Klotz: That is right.

White: But I would like to see you cut out the word "leafy." It sounds like spinach.

Kuhn: That is what it is. (Laughter)

H.M.Jr: He doesn't like spinach.

Bledsoe: Spinach is a leafy vegetable.

Kuhn: "American farmers have already done a mighty work--"

H.M.Jr: Excuse me, where are you?

Kuhn: Top of ten.

"... in sending food to England in her time of greatest need."

White: Shouldn't that be the present tense, "are already doing"? They are now doing.

Kuhn: That is better.

H.M.Jr: All right.

Kuhn: "Secretary Wickard has already told you of the huge amounts that we are pledged to send during 1942. It will help us, I think, to produce those vast quantities if we bear constantly in mind the relief which our food is bringing.

"The other day I had a talk with Mr. Attlee, the Deputy Prime Minister and leader of the British Labor Party, who is on a visit to this country. I asked him particularly whether his people were getting enough to eat."

H.M.Jr: Excuse me, Ferdie. I don't like that. "It

would help us, I think, to produce those vast quantities if we constantly bear in mind the relief--" Can't you give me a better word than "relief"? Think of something.

Kuhn: "The importance of our food in British defense," or something.

H.M.Jr: But not--

White: "In maintaining British--"

H.M.Jr: But not "relief."

Kuhn: You don't like the word "relief"?

H.M.Jr: I would like to strengthen it more. "Necessity" or something.

Kuhn: Something like Harry suggested?

H.M.Jr: Something, only better.

White: The word "relief" has other connotations.

Kuhn: All right.

"I asked him particularly whether his people were getting enough to eat. He said that the answer depended on what you meant by 'enough.' The health officers throughout England have assured their government that in terms of calories and vitamins the British people are not getting too little. Yet Mr. Attlee told me, and I have heard this borne out by my friends who have come back from England, that the British people feel hungry all the same, and especially the heavy workers who depend on plenty of sustaining food to keep them hard at work on the railroads or in the mines or in the factories where heavy war work must be done."

- White: If they are all getting enough of these foods to eat, why were eighty-five percent of their rejects on the grounds of undernourishment.
- Kuhn: Because they weren't getting them before the war began. It was only after the war began that they began feeding them scientifically.
- White: These experiments were just done about six months ago, as I understand it.
- Kuhn: The ones I saw were 1938.
- H.M.Jr: You boys get together afterward.
- Kuhn: Right.
- "The coal miners of Wales, for example, are performing a job that is absolutely essential if the war effort is to continue, yet for months their productivity in the mines suffered, and their endurance to carry on was impaired, because they did not get the meat and cheese that they were accustomed to bring to work with them. Now, thanks largely to your help as American farmers, the miners get a more adequate supply of the food they need to carry on."
- Bledsoe: In view of what Mr. Attlee said, if you would say that in terms of calories the British people are not getting too little, but say that they are getting enough to get by on, because I think they are getting too little.
- Kuhn: The British people are getting enough to sustain themselves?
- Bledsoe: Yes, because one of our people said they could

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increase production twenty-five percent if they had more protein food, which would indicate they are getting enough to get by on.

- White: Why should their people be getting enough and our people not be getting enough? The more I think of that statement, the more questionable it is. On the one hand say that there is undernourishment here, and we want to step up the necessary protective foods and then in the very same speech say, "England, however, is getting enough."
- H.M.Jr: And also, if she is getting enough, why do we appeal to the farmers to produce more?
- White: I think you can bring Mr. Attlee in without expressing that point.
- Kuhn: Well, you can qualify it.
- H.M.Jr: Let me just say this. I may reverse myself. I am going on what Frank Coe said. Frank Coe came back and said they were not getting enough. The Prime Minister keeps saying they have got all the beer and meat they want, which is ridiculous.
- The fact is that they have gone from a protein diet to a starch diet.
- White: Sir John Moore says they are not getting enough and he is the chief authority there.
- H.M.Jr: So I would rather leave it out. We can't misquote that.

Kuhn: Leave that sentence out?

Klotz: About Attlee?

H.M.Jr: Yes. I am just raising it, the whole business, because Attlee - when you talk to these fellows they won't tell you that they are not getting enough, but I am convinced that they are not. Now, they may be getting the same number of calories and all that, but they are not getting the kind of stuff that they need. Who was it the other day said a coal miner in Wales loses eight pounds on one shift? And then he comes back and normally he regains it through eating the food that he needs, but he just doesn't get his eight pounds back in the time he is out.

White: Could you say merely that Mr. Attlee, when I was talking to him, told me that the British people feel hungry? You begin by saying --

H.M.Jr: He didn't say that. Look, Ferdie, think about it but if we have to quote Attlee and where Attlee has left me with the impression that they haven't enough, I would rather not quote Attlee at all.

Kuhn: Leave out that whole section.

H.M.Jr: I would rather leave out the whole section.

Kuhn: And only give a picture of what the American farmers are doing.

H.M.Jr: What do you think, Mr. Bledsoe?

Bledsoe: I think if you wanted to leave it in, they are not getting too little, or to modify that, are getting enough to sustain life, or are getting enough to get by, some phrase like that, but I think really they are not getting enough.

- H.M.Jr: I honestly believe that they are not getting enough.
- Bledsoe: Well, all our reports show that they are not getting enough.
- H.M.Jr: Now, certainly I would even be willing to do a little white lying if necessary, which I am not in this case, in order to appeal to the people, in order to get them to raise the food. I am convinced they are not getting enough.
- Bledsoe: One of our men lost ten pounds and the other eight while they were over there.
- H.M.Jr: Frank Coe said he was hungry the whole time and he was outside of London. You believe they are not getting enough, don't you.
- Bledsoe: All our reports said they are not.
- Kuhn: Then let's just say that all our reports show firstly that they are not getting enough and secondly that the imports from America in the last six months have made a difference to the miners, the railway men and so on and so forth, and that is an achievement that we have to carry on in 1942.
- Bledsoe: They tell us they would have to give up if our food were cut off from them.
- H.M.Jr: Well, the thing that I have used again and again, you can't expect the British people to fight on an empty stomach.
- Kuhn: I think if you agree that those two sentences in there in place of all this Attlee stuff would shorten the speech --
- H.M.Jr: And why not say you can't expect besieged

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people to fight on an empty stomach. I think we are in agreement and we had better leave the thing out.

Klotz: Yes, definitely.

H.M.Jr: All right.

Kuhn: The two points I wanted to make were that they are running short but that our American food makes all the difference to them. We want to indicate that.

H.M.Jr: Oh, I am with you a hundred percent.

Kuhn: Page 12. "That is an achievement which must be continued throughout 1942 and as long as the war may last. It is by far the greatest single call ever made upon American farms. If you add it to our own requirements, it is a call that will use all of our ingenuity, all our effort, and all of the experience that we have gained in recent years, if we are to meet it successfully.

"In this effort the American farmer is as vitally important as the aircraft worker who builds a new bomber or the shipyard worker who helps to send a new battleship on its way. Knowing what I do of the greatheartedness of our farmers and of their capacity for hard work in a great cause, I am confident --"

H.M.Jr: Excuse me, Ferdie. "It is by far the greatest single --" I want to ask Bledsoe something. Is it a greater call than we were called upon in the World War?

Bledsoe: I doubt it in terms of total effort, that is, comparatively speaking. Of course, the statement could stand, because to meet it you have to have a record of production of '42.

It would be more than has ever been produced before in any one year.

H.M.Jr: Well, that answers my question. Thank you.

Kuhn: Let it ride?

H.M.Jr: Yes, let it ride.

Kuhn: "I am confident that that call will be answered and that England will be able to win the victory that is our own hearts' desire.

"But after the victory -- what then? The opportunity for American agriculture after the war and the need for colossal production of the right kind of food will be many times greater than it is even today. Where tens of millions in England are depending on us now, hundreds of millions throughout the continents of Europe and Asia will be stretching out their hands to us when the war is over."

White: I don't think you can say "many times greater."

Klotz: That it is doubled.

White: You are not going to double or triple or quadruple it. Don't you think so?

Kuhn: "Still greater"?

White: "Much greater."

Bledsoe: I think Mr. White's question is good.

White: Why use any adjective where you have "colossal"? "Will be greater" or "much greater."

H.M.Jr: Good.

Kuhn: "I am in favor of seeing that the credit of

the United States is used to do the humanitarian thing, the economic thing, the sound thing, in putting the great food production of the United States into the hands of the hungry millions. I am one of those who believe that in the long run service to humanity is economically sound.

"I am thinking not only of the actual hunger that will be sure to exist when the next Armistice comes, but also of the ruined agriculture of many countries that depended upon farming for their very existence. I am thinking of the herds that have been slaughtered in Denmark and Holland which lived on their exports of dairy products. I am thinking of the scorched earth in the great farming areas of Russia, where farm houses and farm implements have been destroyed in the past five months on a scale unparalleled in all history. There will be a lack of seed, a lack of feeding stuff for livestock and in many countries a lack of manpower to tend the farms. Again, as so often in the past, American agriculture can save Europe from hunger and from the anarchy that comes with hunger on such a scale."

- Klotz: This is all different.
- Bledsoe: You might make that "feed stuff."
- White: When has so often in the past American agriculture saved Europe from anarchy? Isn't that stretching it a little bit?
- Kuhn: Didn't we, after the last war, Harry?
- White: So often? It sounds as though it has happened many times.

H.M.Jr: You can say, "again as in the past."

Kuhn: Wouldn't that do it? So it will be a lack of feed.

H.M.Jr: I think you ought to, in all sincerity, put under here, "under the leadership of Mr. Herbert Hoover." (Facetiously) Don't you think so?

White: I think that would be only fair. He would probably drop dead if he heard it. Maybe that would be a good thing. (Laughter)

H.M.Jr: Nice people we have here in the Treasury.

Kuhn: Want to try it?

H.M.Jr: No, I didn't really mean that.

Kuhn: "It is true, as the President said recently, that our job now is to win the war rather than make blueprints of what is to follow. I agree with him -- "

H.M.Jr: When did he say that?

Kuhn: After he got back from the Churchill meeting and they questioned him on the peace aims.

White: He has given several agencies just a blueprint.

H.M.Jr: He told me when I had this discussion before Juliana and MacKenzie King, why, there are forty different agencies studying post-war conditions and the Treasury is one of them.

Kuhn: We can make it our main job now.

Eledsoe: Yes, it is to win the war.

H.M.Jr: Well, why not say "our first job."

Bledsoe: That would be even better.

H.M.Jr: "Our first job."

Kuhn: "I agree with him, yet I think there is one great fact about the coming democratic order in Europe which we should do well to remember now. That is that great masses of decent hard working men and women will no longer tolerate the economic insecurity which furnished so much of the fuel for the political turmoil of the past twenty-five years. They are going to demand certain elementary guarantees for a decent life, and I think they will be right and amply justified in their demand. If we are to build a better world -- and that goes for our own country as well as for those abroad -- we shall have to recognize that the citizen should be guaranteed a minimum standard of food with which he can live the life of a free man. My own feeling is that we should guarantee to every citizen the right to have enough milk and butter, enough fruit and vegetables, enough of the protective foods of all kinds so that he can be fit to play his part in the world of tomorrow."

H.M.Jr: Do you mind, instead of saying, "fit to play," I would rather say "live," "fit to live."

Kuhn: "To live in the world of tomorrow"?

H.M.Jr: "Play his part"?

Bledsoe: You could substitute "to do his part."

H.M.Jr: Yes.

Kuhn: I wanted to ask you about something there.

- H.M.Jr: "Play" is all right. I don't mind that.
- Kuhn: In that McDougal report that I saw, he used the same language, practically, about a guarantee but he did it only in terms of children, that every child born into this democratic world should have an equal opportunity for health and long life, like getting milk and other foods. Now --
- H.M.Jr: We are going them one better.
- Kuhn: We are going them one better.
- H.M.Jr: What is the matter with that?
- White: How can a child have it unless his mother had it?
- H.M.Jr: You were complaining this morning that your mother didn't eat enough spinach.
- Kuhn: She didn't.
- H.M.Jr: That settles that argument. (Laughter)
- Kuhn: Is there any ambiguity in using the word "citizen"? Should we say "everyone"?
- White: No, I think it is all right.
- Kuhn: "After all, the governments of free countries --"
- White: Yes, I think there is, now that you speak of it.
- Kuhn: It should be "everyone." You can say, "recognizes the citizen," and then say in the second sentence, "We should guarantee to every one -"
- White: "Every man, woman and child," if you want to

have a mouthful.

H.M.Jr:

I like "every man, woman and child. I like that.

Kuhn:

"After all, the governments of free countries decided about 100 years ago that every citizen was entitled to police and fire protection as a matter of right. Our police departments and fire departments were established with state funds to give to the citizen an essential service which he could not afford to provide for himself.

"We in America decided about 75 years ago, about the time the National Grange was founded, that every citizen was entitled to a decent education as a matter of right, and we established the greatest free school system in the world to provide that right. We found that it was not fair, and that it did not pay us as a nation, -- "

White:

Don't you think that needs a little qualification? We enacted a whole series of measures to help give him a move toward that protection. I mean, he hasn't got it. He hasn't got protection against unemployment.

Bledsoe:

Of course your old age covers all citizens, all classes, but there are quite a few exempt from your unemployment insurance, including farm labor.

Kuhn:

Yes.

White:

Some qualifying phrase.

H.M.Jr:

Put a question mark on it.

Kuhn:

You mean you question "every citizen"?

White: Well, it isn't true.

Bledsoe: Yes, in some states I think it is a matching proposition.

H.M.Jr: Well, household servants is an example.

Kuhn: We can say that the citizen "should have."

White: "We enacted a whole series of historic measures designed to help achieve, or to obtain that protection as a matter of right," or something of that character. It shows that you are moving in that direction and you have made a good deal of progress.

Kuhn: "A whole series of historic measures to help him obtain that protection as a matter of right." What?

White: The correct - if you want to say, "We are enacting, have enacted and are -" well, we will rest the way it is.

Kuhn: "We found that it was not fair, and that it did not pay us as a nation, to permit illiteracy on a vast scale and to enable only those with wealth or other advantages to have a proper schooling. We have provided that schooling with State funds and nobody would dream of abandoning it now.

"We decided eight years ago that every citizen should have protection against unemployment or old age or disability, and we enacted a whole series of historic measures to give him that protection as a matter of right. We found that it was not fair and that it did not pay us as a nation to leave millions of our people at the mercy of economic cycles over which they had no control. These changes, like the others, have been accepted, and I doubt

whether any except the most uncompromising Tory among us would abandon them now.

"What I am suggesting would merely carry the process further. I speak of it today not as a dream but as something which I am convinced must follow, not only in this country but all over the world, if we are not to revert into an endless barbarism of wars and revolutions. It is our method of ensuring the survival of the way of life which we treasure in common with other free peoples throughout the world.

"I have suggested it to this particular audience because I want you to consider for a moment what a tremendous opportunity it brings to American farmers. If our people and other peoples are to be guaranteed a minimum standard of living which I believe is their right, then we in this country will have to produce the food that will make that minimum standard possible. If we were to guarantee a minimum in the protective foods for everyone in the United States -- "

- White: Excuse me, aren't you saying a little more than you agreed on to say? Are you guaranteeing a minimum standard of living?
- Kuhn: No, of diet.
- White: Either diet or health, because living implies a lot of other things.
- Kuhn: You are right, Harry.
- H.M.Jr: You are right.
- Kuhn: Minimum standard of nutrition?
- H.M.Jr: Good old Harry, he would like to have me

guarantee a standard of living, but that doesn't mean to say without my knowing it.

Kuhn: Standard of nutrition.

White: Nutrition is what we are talking about, or health. It is nutrition that you talk of, really, diet.

Hedsoe: Nutrition.

H.M.Jr: Nutrition, all right.

Klatz: Nutrition would be better than diet.

Kuhn: "If we were to guarantee a minimum in the protective foods for everyone in the United States it would mean a vast increase in our consumption."

And in there I want to insert one sentence, that if we were to provide everyone with a minimum standard of the milk and milk products that are needed, it would mean a fifty percent increase in our present production.

H.M.Jr: Wonderful.

Kuhn: That is from Dr. Farran's office today. Is that all right?

White: Of milk alone?

H.M.Jr: It is certainly all right.

White: To indicate that there are other things too.

Hedsoe: As a matter of fact, the fundamental work was done on it by Dr. Stevens in Agriculture.

Kuhn: Yes. That is correct, isn't it? Fifty percent?

Bledsoe: As I recall it, yes.

Kuhn: It is enough in there, just as an illustration?

Bledsoe: Yes, that would be excellent.

Kuhn: "It would mean that the farmers would have a greatly increased market here at home -- the best kind of market, for it would not be subject to foreign tariffs, and it would also increase steadily as population increased."

H.M.Jr: Excuse me, couldn't you use something else besides milk?

Kuhn: I don't have any figures.

H.M.Jr: Maybe Agriculture could give it to you.

Bledsoe: I think we could give it to you.

H.M.Jr: Want to make a note on it, Bledsoe?

Bledsoe: Yes, sir.

H.M.Jr: I am impressed by that, if you had milk and something else.

- Bledsoe: Well, you could use milk and there are other examples.
- H.M.Jr: I need another example besides.
- Bledsoe: You want milk and something else too?
- H.M.Jr: Yes.
- White: Bledsoe, do you think somebody might interpret this remark, "where it would not be subject to foreign tariffs," as implying that the farm producer would have free access to the market?
- Bledsoe: No, you say it means the farmers would have a greatly increased market here at home. It would not be subject to foreign tariff. Of course, if you want to question that, you would argue that, does this mean to imply that other farmers won't be able to reach our market? But I don't believe - you would have to be reading something into it in there.
- Kuhn: "There need be no agricultural collapse after this war. There must be no repetition of 1920, which as you will know from bitter experience, was the black year for American farmers."
- White: Would you want to strengthen that by saying, "There must be no agricultural collapse after this war"?

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Kuhn: I feel it is stronger to say, "There need be".

Bledsoe: Probably 1931 and '32 were the worst years. From 1920 the recession was very sharp and severe, but the recovery began in '21.

H.M.Jr: The reason we are using '20 was the collapse after the last war.

Bledsoe: Yes.

H.M.Jr: I mean, that is the --

Bledsoe: I think '31 and '32 were the blackest years.

Kuhn: One of the blackest years in the memory of --

Bledsoe: That is right, one of the blackest years in the memory of American farmers.

White: What you are saying is, after a war. Was it '20 or '21?

H.M.Jr: I checked this with Wallace and he had it - the break took place in '20, but he said we didn't really get the impact until '21. He used '20.

Bledsoe: The only question I am raising is not the break in '20, but the black year.

White: I see. You would just change "A" instead of "B".

Bledsoe: That is right. Undoubtedly the crash came in 1924. I remember it very well.

Kuhn: "If we produce more of these crops of dairy products, fruits, vegetables, and meat, and if we ensure an increased demand for them, there will be less need for the crops for

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which foreign markets no longer exist, and for which the Government has had to provide artificial support. The farmer will be able at last to stand on his own feet without the artificial prop of State aid. There will be less illness due to faulty nutrition, there will be greater vitality and more productiveness among our workers," --

- White: Excuse me. Will there be less need for crops or less need to plant crops? There may be just as much need for crops the world over.
- Bledsoe: I have another point here.
- White: Less need to plant, if anything, it seems to me. Something there is wrong.
- Bledsoe: The argument you are making is, if you plant more of dairy products and what not, of course there will be less incentive to plant cotton. You will have to make a living.
- Kuhn: You will have a big demand, a steady demand.
- H.M.Jr: But you get into a pretty tricky thing there.
- White: Well, it should either be less need to plant crops - it certainly shouldn't be less need for the crops.
- Bledsoe: Even in the case of cotton and wheat, there has never been a time - or wheat, probably, but in the case of cotton, there has been plenty of need for cotton.
- White: I say the need for crops exists, but the idea which is here is that the farmers, by diverting, I take it, their effort and labor to these, will find less need to rely on - less need to rely on, you can use that.

- H.M.Jr: Just a second. I would almost rather leave this out. That is an awfully controversial point you are bringing out.
- Bledsoe: There is one sentence in there that I believe, in view of trends, the condition of the world, that there will be - the farmer will be able to stand on his own feet without the artificial prop of State aid. Of course a consummation of that is to be desired, but I think the trend of the world is the other way.
- H.M.Jr: Before we come to that, that previous sentence there, would it spoil the speech very much if we left that out, "If we produce more of these crops"?
- Kuhn: Yes, you have to wind up your argument, and you haven't yet shown the farmer that this minimum standard of nutrition will help the farmer. You have been talking in terms of the undernourished consumer. You have somewhere to point out how it will help the farmer.
- White: Is the idea that you have to produce more - isn't - there is - there seems to be a little illogic there. Couldn't you follow that and eliminate the point that disturbs the Secretary by saying "There need be no agricultural collapse," and then, "There must be no repetition of the black year, if we insure an adequate demand for farm products by insuring a minimum standard of diet." That is the thought, rather than talking about any production and then you can escape the rest of it. Then, "I have never been one of those who believe that we are heading for," and so forth. Your thesis here, I take it, is that you want to be sure that the demand for agricultural products is maintained.

- Kuhn: That is right.
- H.M.Jr: That is right.
- White: Then why go into the question of products? If they produce more, it is - that is another point.
- H.M.Jr: Harry is right, and this whole thing there, this whole question - I have listened to this discussion so long - I mean, about conversion from one crop to another.
- Bledsoe: There is no question, Mr. Secretary, that you do need to produce - we are trying - and this is the crux of the effort now - these very products here, but of course if we insure an increased demand for them, the whole question comes down to what it means to us. They would be all right. We haven't any question, "for which foreign markets no longer exist, and for which the Government has had to provide artificial support." That is not controversial, I don't believe. That is just stating a fact. There wouldn't be any question about that.
- H.M.Jr: Let me see, "we produce more of these crops," and so on. I think we have got to put in there, "through a minimum."
- Kuhn: "By providing a minimum standard."
- Bledsoe: Well, that is kind of under. You can spell it out.
- H.M.Jr: Yes, spell it out. "There will be less need for the crops for which foreign markets no longer" --
- Bledsoe: Put in your "may" because it is barely possible that your revival of trade will give you back the markets.

- H.M.Jr: "May no longer exist and for which the Government has had to provide artificial" --
- Rledsoe: No question about that.
- White: I still think now as I read page nineteen that page twenty, that part, does not fit.
- H.M.Jr: Well, Harry, what I would like to do is, I just want to go through this and I am going to ask the three of you to go into another room. Mr. Rledsoe may have something else.
- Rledsoe: No.
- H.M.Jr: Then let's settle it right now.
- Rledsoe: No, I haven't any other question on anything else.
- H.M.Jr: but Harry has some questions.
- White: The question I have, in the previous pages you have been building up a case for maintaining a minimum health or food standard, and you are saying that that will provide a sustained and adequate demand for anything that they could produce, and if you carry that through on the last page you are through, and then you change to say, "If we produce more of these dairy products" - you are introducing an entirely new and complex thought, namely, that if they produce more dairy products they will have to rely less on the other. Now, that is an additional thought that isn't implicit at all in what you have been saying before.
- Kuhn: Let me ask you if this meets the point.
"It would mean that the farmers" - I am on page nineteen - "It would mean that the farmers

would have a greatly increased market here at home -- the best kind of market," and so on and so forth. "It will mean that there will be less illness due to faulty nutrition, with greater vitality, more productiveness among our workers and a greater length of life."

White: Period. End of the speech.

Bledsoe: The point you are making, I take it, what you are saying to the farmer, Mr. Kuhn, is that if you do this and if we insure this increased demand, this will be a stabilizing factor.

Kuhn: That is right.

Bledsoe: Well now, there is no - of course, the question comes - it is not controversial, and if we insure an increased demand for them. That covers everything, and I think your point is well taken when you follow that, because you can say to the farmers, if we do this, then all right. You don't say how we are going to do this but --

Kuhn: If we insure an increased demand for them by providing a minimum --

Bledsoe: Of course the next thing would be, "The farmer will be able to at last stand on his own feet without the artificial prop of State aid." The question is, how can you insure this increased demand unless you --

Kuhn: It is State aid. You are subsidizing.

Bledsoe: You have got your stamp plan, and so forth, and if you are going to guarantee it, in all probability you will have to go further along certain lines than you have ever gone before. Whether you do it by regulation of industry,

to provide that industry operate full time, because you have never been able, as you pointed out in the case of the fire department, when the states moved into that field the states stayed there.

White: Would you call education a state aid to teachers?

Bledsoe: Oh, yes, it is a subsidy. The taxpayers pay for it through the state, so it is the same thing with the other examples cited.

White: Then you would call our armament program a state aid to officers?

H.M.Jr: Do you know him very well?

Bledsoe: No.

H.M.Jr: Don't take him too seriously.

Bledsoe: Well, it is maintained by the State, of course.

White: O.K.

Kuhn: I wish Jake Viner were here. We would have some fun now.

H.M.Jr: Well, we would be here until midnight, and I want to see a play tonight.

Bledsoe: The only thing I would question on twenty would be to hold out that hope that the farmer will be able to at last stand on his own feet without the artificial prop of State aid, because I do have - you have held out --

Kuhn: It is a good point.

H.M.Jr: Let me just see. If all of these things were

accomplished, there would be no need for an agricultural collapse after this war.

Bledsoe:

That is right.

H.M.Jr:

There would be no need for a repetition of 1920. Then I would stop there. I would leave out - I think the point that Bledsoe makes, that if we are going to have school lunches and all that. This meets Wickard half-way. I am against his stock piles, you see. I told him so. Did he tell you?

Bledsoe:

Yes, sir.

H.M.Jr:

So, on the other hand, there is no use rubbing it in. I am against his stock pile. On the other hand, I don't have to say, "From now on there will be no State aid."

Bledsoe:

Well, the only question, really, the only thing that you would have - of course it would be different with your - would be to hold out all this promise and say you are going to be able to do it with mirrors and without State help.

H.M.Jr:

Don't you think we ought to cut out the thing, "If we produced more of these"?

Bledsoe:

That is a matter of choice for you, because I think Mr. Kuhn here was saying that if you do that and if you insure the increased demand, there will be less need for it.

H.M.Jr:

It is introducing a new note.

White:

It is.

H.M.Jr:

I would leave it out. I think the thing flows very well. "If we produce more of these," and then I think I would cut it out down through "State aid".

- White: Then I think if you put those other sentences before, you would get really strong. After the end of the previous page, nineteen, "It would also increase steadily as population increased." Then you say, "There will be less illness, a greater vitality," and then you end up by saying, "There need be no agricultural collapse after this war. There must be no repetition of 1920 which as you know was one of the black years. I have never been one of those who believe that we are heading," and so forth. I think that will be good.
- H.M.Jr: I think that is all right.
- Bledsoe: Of course, on the stock pile, Mr. Secretary, I know the Secretary expressed it, but the point we make in Agriculture is that if you don't build them up while the war is going on, you can't feed them after the war. That is, it takes you a year at least, and in some cases more than a year.
- H.M.Jr: Well, Claude Wickard and I will sit down over a lunch table and argue on that. Listen, by the time they sign a peace treaty, it will take three months, and during those three months we can lay an awful of food aside.
- Bledsoe: Well, perhaps the crop season won't be so good then.
- H.M.Jr: But let's be awfully honest. That isn't what he has in his mind. He wants the stock pile as a bait to these fellows to produce more.
- Bledsoe: Of course there are two things he has in mind. One is that he is going to need it, and the second thing is that, of course, it is a way to - his whole argument is, you have got to keep a certain level of prices or the first

thing you know, your production will drop. That is the argument.

H.M.Jr: I am willing to be sold, but you will have to sell me.

Bledsoe: I will let somebody else do that. But on the question of production, I won't pursue this because I know you are busy.

H.M.Jr: As far as my speech goes --

Bledsoe: It is excellent.

H.M.Jr: Is it all right?

Bledsoe: Yes.

H.M.Jr: Do you think it is good enough for you people to send out to your non-daily list?

Bledsoe: Yes, I think it is good for distribution. It is a statesmanlike speech.

H.M.Jr: I mean, to your non-daily list. We can take care of the daily lists.

Bledsoe: We will give you any list, distribution list you want over there.

H.M.Jr: Would you like it to go to farm journals and that sort of thing?

Bledsoe: Oh, yes, indeed.

H.M.Jr: Would it be helpful? You don't have to say so.

Bledsoe: I wouldn't say so, Mr. Secretary. It is, indeed.

White: Just one point. You end on this note, "if only

he will have the foresight to live up to its opportunities." It is not the farmer who needs the foresight. It is the Government.

Kuhn: We.

H.M.Jr: Right.

Kuhn: We.

White: In fact, that whole sentence, "The future of the American farmer has never in my opinion been so bright."

Kuhn: Try the preceding sentence and see how that would be.

White: "The future is bright if only we have the wisdom to use it well." It is all right. Maybe you can think of something better.

Bledsoe: We hope to have someone to discuss that with you on the length of time it takes and how long it will take to get the reserve.

H.M.Jr: Right. You are satisfied?

Bledsoe: Oh, indeed.

H.M.Jr: And it fits into --

Bledsoe: It fits into everything we are trying to do. I wonder if I can keep this copy.

H.M.Jr: Definitely.

Kuhn: Mr. Bledsoe is going up on the train with Secretary Wickard tonight.

H.M.Jr: Fine.

- Kuhn: Will that copy do to show him?
- Bledsoe: Indeed it will.
- White: He can give you a corrected copy tonight with these changes on it.
- Bledsoe: Well, we would be glad to have it, but the question I raised would - the Secretary might feel, if the Secretary of Agriculture raised some question, he might feel under some obligation, and I don't want you to feel that way at all. We can give a copy to him informally. If we gave a copy to you and then you made some suggestions, we would feel that we were bound to make the changes.
- H.W.Jr: Leave it the way it is.
- Bledsoe: And I think this is excellent. I am ever so much obliged.

*2nd
draft*

*Second Draft
discussed at 4:00
Meeting 11/12/41 -
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DRAFT OF SECRETARY MORGENTHAU'S ADDRESS
TO THE NATIONAL GRANGE
WORCESTER, MASS., NOVEMBER 15, 1941

Today as never before it is an honor to be an American farmer. The future health and happiness of all the world depends, as never before, upon the American farmer's work and skill and enterprise. I am very happy, therefore, to have this opportunity of speaking to a great audience of American farmers, and to accept at your hands, Mr. Taber, this pin that certifies to twenty-five years' membership in the National Grange.

To anyone who lives and works with the good earth it brings a new pride year after year, to sow the new crop, to tend it carefully, and to harvest it at last. Speaking to you as a fellow farmer rather than as

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Secretary of the Treasury, I can assure you that one of the great satisfactions of my life is to see the trees that I planted on my own farm twenty-five years ago grow and blossom and bear good fruit. And during these twenty-five years it has meant a great deal to Mrs. Morgenthau and to me to be members of the Wicopee Grange, near our farm in the Hudson Valley. The local Grange has given us a place to discuss common problems with our ~~forming~~ neighbors, and it always has given us the feeling that we are a part of this great national organization which for seventy-five years has been the friend of every farmer in the United States. I shall wear my membership pin as a badge of honor.

I had intended to remind you at the very start of this talk of the danger of inflation as it might affect the farmers of the United States; but your National Master has already spoken of the danger, and has done it eloquently. May I quote a few sentences of what he said?

"Next to the suffering on the battlefield and the anguish of those at home, inflation is one of the calamities of war . . . How could any farmer forget 1921 and '22, or 1932 and '33? This is one time when we dare not forget that wild inflation means economic disaster. Inflation endangers all forms of wealth, every bank deposit, and, in fact, all of the established accumulations of generations."

One of the most effective ways to fight inflation is to produce more of the goods which do not compete with our defense effort for materials or for labor. That means, quite simply, to produce more food in the interests of the consumer and the farmer as well. I should like to pay my tribute to the work of Secretary Wickard and the Department of Agriculture in the past six months in encouraging our farmers to grow more of the right kinds of food -- more dairy products, vegetables, fruits and meats, the so-called protective foods on which our national well-being depends.

The opportunity ahead of American farmers at this time is so vast that very few of us, I think, can conceive it. We have prided ourselves on being the best

fed nation in the world. Europeans who have come to our shores have marvelled at the stacks of fruit and vegetables in our shops and at the abundance of the diet available to American families. Yet we are not as well nourished as outward appearances might seem to show. Only the other day the President of the United States expressed his sense of shame at the high percentage of recruits to the army who had to be rejected. Nearly 50 percent of two million men examined for selective service were found to be unfit, and of those rejected a large number were suffering from dental defects or other ills that probably were due to faulty nutrition. The President was not overstating when he described these conditions as an indictment of America.

A few years ago I took part in the conception and inception of the food stamp plan, which was an attempt to bring some of our surplus commodities into the hands of the underprivileged. The plan was begun at a meeting between Vice President Wallace, Mr. Harry Hopkins, Doctor Thomas Parran, and myself. In line with this effort Doctor Parran, who is now Surgeon General of the United States and was then the head of the Public Health Service, undertook an investigation into the food-buying habits and nutrition in the District of Columbia. Here was a compact area where per capita wealth was higher than that of any State, yet Doctor Parran found widespread under-nourishment, especially in milk, green vegetables and citrus fruits.

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I suspect that similar investigations in other parts of the country might yield a similar result even today, when our public is more vitamin conscious than when Doctor Parran's study was made.

This is a challenge that we as a government, and we as farmers and consumers must meet together. The Government can help by encouraging and promoting the production and use of the right kinds of food, and by heavier taxation of those goods which are not essential to health and strength. But farmers can do by far the biggest part of the job by producing more -- ~~(not the wheat and corn and tobacco, of which we have been producing too much)~~ but by diverting land and effort to the production of milk, butter, eggs, pork

products, fruits, and leafy vegetables. It must no longer be said of this rich country of ours that millions of our people still go without the food that is necessary to good health and good morale.

Side by side with this challenge that confronts us at home, there has come a still more urgent and insistent call from across the sea. The British people, as you know, have had their chief sources of food supply cut off either by invasion, as in the cases of Holland and Denmark, or by shipping shortages as in the cases of Australia and New Zealand. The British today are living under conditions of siege. Their island home is one vast fortress, and every man,

woman and child is in the garrison, fighting our fight as well as their own. It is our responsibility, and our high honor, to see that they are fed, not with a trickle of occasional shipments, but with enough warming and sustaining food to enable them to carry on there with health and morale unimpaired.

American farmers have already done a mighty work in sending food to England in her time of greatest need. Secretary Wickard has already told you of the huge amounts that we are pledged to send during 1942. It will help us, I think, to produce those vast quantities if we bear constantly in mind the relief which our food is bringing.

The other day I had a talk with Mr. Attlee, the Deputy Prime Minister and leader of the British Labor Party, who is on a visit to this country. I asked him particularly whether his people were getting enough to eat. He said that the answer depended on what you meant by "enough". The health officers throughout England have assured their government that in terms of calories and vitamins the British people

D-B

are not getting too little. Yet Mr. Attlee told me, and I have heard this borne out by my friends who have come back from England, that the British people feel hungry all the same, and especially the heavy workers who depend on plenty of sustaining food to keep them hard at work on the railroads or in the mines or in the factories where heavy war work must be done. The coal miners of Wales, for example, are performing a job that is absolutely essential if the war effort is to continue, yet for months their productivity in the mines suffered, and their endurance to carry on was impaired, because they did not get the meat and cheese that they were accustomed to bring to work with them. Now, thanks largely to your help as American farmers, the miners get a more

D-B

adequate supply of the food they need to carry on.

That is an achievement which must be continued throughout 1942 and as long as the war may last. It is by far the greatest single call ever made upon American farms. If you add it to our own requirements, it is a call that will use all of our ingenuity, all our effort, and all of the experience that we have gained in recent years, if we are to meet it successfully.

In this effort the American farmer is as vitally important as the aircraft worker who builds a new bomber or the shipyard worker who helps to send a new battleship on its way. Knowing what I do of the greatheartedness of our farmers and of their capacity for hard work in a great cause, I am confident that

D-B

that call will be answered and that England will be able to win the victory that is our own hearts' desire.

But after the victory -- what then? The opportunity for American agriculture after the war and the need for colossal production of the right kind of food will be many times greater than it is even today. Where tens of millions in England are depending on us now, hundreds of millions throughout the continents of Europe and Asia will be stretching out their hands to us when the war is over.

I am in favor of seeing that the credit of the United States is used to do the humanitarian thing, the economic thing, the sound thing, in putting the great food production of the United States into the

D-B

hands of the hungry millions. I am one of those who believe that in the long run service to humanity is economically sound.

I am thinking not only of the actual hunger that will be sure to exist when the next Armistice comes, but also of the ruined agriculture of many countries that depended upon farming for their very existence. I am thinking of the herds that have been slaughtered in Denmark and Holland which lived on their exports of dairy products. I am thinking of the scorched earth in the great farming areas of Russia, where farm houses and farm implements have been destroyed in the past five months on a scale unparalleled in all history. There will be a lack of seed, a lack of feeding stuff for livestock and in many countries

D-B

a lack of manpower to tend the farms. Again, as so often in the past, American agriculture can save Europe from hunger and from the anarchy that comes with hunger on such a scale.

It is true, as the President said recently, that our job now is to win the war rather than make blueprints of what is to follow. I agree with him, yet I think there is one great fact about the coming democratic order in Europe which we should do well to remember now. That is that great masses of decent hardworking men and women will no longer tolerate the economic insecurity which furnished so much of the fuel for the political turmoil of the past 25 years. They are going to demand certain elementary guarantees for a decent life, and I think

D-B

they will be right and amply justified in their demand. If we are to build a better world -- and that goes for our own country as well as for those abroad -- we shall have to recognize that the citizen should be guaranteed a minimum standard of food with which he can live the life of a free man. My own feeling is that we should guarantee to every citizen the right to have enough milk and butter, enough fruit and vegetables, enough of the protective foods of all kinds so that he can be fit to play his part in the world of tomorrow.

After all, the governments of free countries decided about 100 years ago that every citizen was entitled to police and fire protection as a matter of right. Our police departments and fire departments were established with State funds to give to the citizen

an essential service which he could not afford to provide for himself.

We in America decided about 75 years ago, about the time the National Grange was founded, that every citizen was entitled to a decent education as a matter of right, and we established the greatest free school system in the world to provide that right. We found that it was not fair, and that it did not pay us as a nation, to permit illiteracy on a vast scale and to enable only those with wealth or other advantages to have a proper schooling. We have provided that schooling with State funds and nobody would dream of abandoning it now.

We decided eight years ago that every citizen should have protection against unemployment or old age or

disability, and we enacted a whole series of historic measures to give him that protection as a matter of right. We found that it was not fair and that it did not pay us as a nation to leave millions of our people at the mercy of economic cycles over which they had no control. These changes, like the others, have been accepted, and I doubt whether any except the most uncompromising Tory among us would abandon them now.

What I am suggesting would merely carry the process further. I speak of it today not as a dream but as something which I am convinced must follow, not only in this country but all over the world, if we are not to revert into an endless barbarism of wars and revolutions. It is our method of ensuring the survival of the way of life which we treasure in common with other free

peoples throughout the world.

I have suggested it to this particular audience because I want you to consider for a moment what a tremendous opportunity it brings to American farmers. If our people and other peoples are to be guaranteed a minimum standard of living which I believe is their right, then we in this country will have to produce the food that will make that minimum standard possible. If we were to guarantee a minimum in the protective foods for everyone in the United States it would mean a vast increase in our consumption. It would mean that the farmers would have a greatly increased market here at home -- the best kind of market, for it would not be subject to foreign tariffs, and it would also increase steadily as population increased.

D-B

There need be no agricultural collapse after this war. There must be no repetition of 1920, which as you will know from bitter experience, was the black year for American farmers. (If we produce more of these crops of dairy products, fruits, vegetables, and meat, and if we ensure an increased demand for them, there will be less need for the crops for which foreign markets no longer exist, and for which the Government has had to provide artificial support. The farmer will be able at last to stand on his own feet without the artificial prop of State aid.) There will be less illness due to faulty nutrition, there will be greater vitality and more productiveness among our workers, and there will be a greater length of life for all our people.

I have never been one of those who believe that

we are heading into a period of misery and darkness. The future of free peoples is bright if we only have the wisdom to use it well. The future of the American farmer has never been so bright, if only he will have the foresight to live up to its opportunities.

D-B

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

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DATE

to Secretary Morgenthau

November 13, 1941.

FROM Joseph J. O'Connell, Jr.

For your information

The regular weekly meeting of the Price Control Committee was held this morning at 11 o'clock.

Mr. Henderson and members of his staff reported on the present picture in so far as their legislation is concerned. Of course, the major point in controversy is the farm provision of the bill which is, in the bill as reported, much too liberal. As I reported last week, the bill reported by the Committee will mean a possible increase in food prices of from 13 to 15 per cent over existing levels. They are still hopeful that they can persuade the Committee to offer a Committee amendment restoring the provision to its original form. This is the 110 per cent of parity provision to which you indicated opposition when you appeared before the Committee, but is definitely preferable to the provision contained in the bill as reported. I understand the President has indicated his opposition to the bill as reported and has indicated to Chairman Steagall that he might feel obligated to veto it unless it is reformed.

It is hoped that the Committee can be prevailed upon to offer another amendment restoring the licensing provisions and the buying and selling provisions, both eliminated by the Committee, as these were considered to be the most important parts of the bill in so far as enforcement is concerned. They also hope to eliminate the new provision providing for mandatory industry committees and giving the Chairman of each such Committee the right to call meetings to consider matters which would logically be the responsibility of the Price Administrator.

Secretary Morgenthau

2.

They expect that the bill will be called up on the floor of the House early next week and they are working on the Committee to see whether the needed changes will be sponsored by the Committee at that time. It is too early to tell whether they will be successful. (Leon told me late this afternoon that Steagall has agreed to call his Committee together within the next day or two to consider all these matters).

During the discussion the representative of the Department of Agriculture pointed out that another bill, well on its way to becoming law, offers more immediate danger in terms of price rises of agricultural commodities than does the Price bill itself. This is the bill to extend the AAA program, which would otherwise expire at the end of this year. An amendment has been tacked on to this bill, and has already passed the Senate, providing for loans of 100 per cent of parity on the five basic farm products (cotton, wheat, corn, tobacco and rice).

The bill is presently being considered by the Agricultural Committee in the House. The Department of Agriculture representative indicated that there is some hope that the Committee can be prevailed upon to continue the 85 per cent loan policy. However, this is far from certain, and ties in, not only with the problem of getting an adequate provision in the Price Control bill for farm commodities, but also with the benefit payments which have heretofore been made to farmers to give them the equivalent of parity for their products.

As the Agriculture representative explained it, the farm block is not sure that Congress will appropriate the necessary funds to make benefit payments to farmers for the difference between the price received for their products and parity (in view of possible action by the Byrd Committee and other forces) and in anticipation of this possibility becoming a reality, are tending to support a provision providing for 100 per cent loans. Of course, the immediate effect of such a bill would be to put a floor under the prices of these basic commodities at the parity level. This would mean a

Secretary Morgenthau,

3.

substantial increase in the level of prices for several of the commodities, and, inasmuch as the grains involved (wheat and corn) are used for feed, it would have an immediate effect upon the price of meats, dairy products and practically all foods.

Apparently the strategy of the farm block continues to be to get all they can whether it be in the Price Control bill, the AAA extension Act, legislation making appropriations for benefit payments, or what have you.

Members of Mr. Henderson's staff also reported on recent developments in connection with their efforts to control the prices of particular commodities, particularly oil and sugar. In connection with the former, they were able to "persuade" Sinclair to withdraw a 7 cent increase in the price of crude oil in West Texas. In connection with the sugar price, they have so far been able to maintain the existing price ceiling of \$3.50 and hope to be able to continue to do so. The sugar problem is complicated by the fact that the maintenance of the domestic price hinges upon a satisfactory price for next year's Cuban sugar crop. We were informed that negotiations are pending involving the purchase of the entire crop by the United States and Great Britain, and if this can be done at a proper price, the domestic ceiling can be held where it is.

The meeting adjourned at 12.45.

Joseph J. O'Malley

GREENBAUM, WOLFF & ERNST
265 MADISON AVENUE
NEW YORK

TELEPHONE CALIFORNIA 6-1886

151

November 12, 1941.

Hon. Henry Morgenthau, Jr.
Secretary of the Treasury
Treasury Department
Washington, D.C.

Dear Henry:

If in the consideration of new revenue measures provisions are being contemplated that affect industrial gold or silver, I would like to have a chance to talk with you or your boys. As far back as the last war, I represented industrial groups with respect to then proposed legislation affecting the use of these metals for industrial purposes. Silver now having additional uses replacing other metals, a tax program impinging on silver or gold carries with it an additional serious implication which might be overlooked in the absence of a special presentation of the facts involved.

Incidentally, I have followed with some interest, the gossip and newspaper reports of the proposal to heavily tax lower group and middle class incomes. My guess is that irrespective of the necessity of such a move, any such tax would be disastrous in terms of human reactions, unless there were brought forward as a concomitant, the feeling that the financial and industrial giants would likewise carry some of the burden. I use the word "giant" particularly because I have spent quite sometime with Odium and others in a concern over the brutal mistreatment of small concerns. Medium class manufacturers, now threatened with the closing of their plants, are naturally taking the position that war could not be worse because they have already been liquidated. Hence, it seems to me that the new tax program should of necessity carry the clear philosophy impinging on these three groups, namely: small and medium class people, small and medium sized businesses, and on the other hand, those whom Brandeis warned us about years ago, who now refuse to subcontract in order to use the plant and man-power of the nation.

Best to you,

Yours,

MLE-PG

THE WHITE HOUSE
WASHINGTON

152

November 12, 1941

MEMORANDUM FOR: Honorable Henry Morgenthau, Jr.,
Secretary of the Treasury.

Dear Mr. Secretary:

In response to your memorandum, I am looking into the question of further improvement of the landing field at New Hackensack, New York, and attach for your information a preliminary report from Donald Connolly of Civil Aeronautics. I will let you know promptly when I get further information.

Sincerely,



EDWIN M. WATSON
Secretary to the President



DEPARTMENT OF COMMERCE
CIVIL AERONAUTICS ADMINISTRATION
WASHINGTON

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OFFICE OF THE ADMINISTRATOR

November 7, 1941

Major General Edwin M. Watson
Secretary to the President
The White House
Washington, D. C.

My dear General Watson:

Receipt is acknowledged of your memorandum of November 5, 1941, enclosing a recommendation from the Secretary of the Treasury and the Commandant of the United States Coast Guard for the further improvement of the intermediate landing field at New Hackensack, New York.

In order that I may advise you fully in the premises I am obtaining a prompt report from our Regional Manager in New York with respect to the extent of use of this field, new improvements deemed necessary to accommodate aviation, and the estimated cost of these improvements.

As soon as this report has been received you will be advised promptly in the premises of the recommendations of this office.

Sincerely,

Administrator of Civil Aeronautics

RECEIVED NOV 11 1941

NOV 11 1941

RECEIVED NOV 11 1941

TREASURY DEPARTMENT

INTER-OFFICE COMMUNICATION

154

DATE NOV 19 1941

TO Secretary Morgenthau
FROM Mr. Foley

The Department of Justice has appointed a member of the Honolulu bar as Special United States Attorney to represent Yeung. The Acting United States Attorney, Mr. Taylor, is disqualified because the prosecution has disclosed its case to him. Furthermore, he shares the Army view of Yeung's guilt, but he believes that it will unduly prejudice Yeung's case if Yeung is not represented by the Government. The attorney selected was also recommended by the Treasury representatives in Honolulu.

The selection of a jury will begin on November 13, and the case will probably come to trial on November 17.

S.M.F.L.

November 12, 1941

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My dear Mr. President:

Knowing that you have a particularly warm spot in your heart for Seattle because Anna lives there, I am sending you herewith a booklet gotten out showing what the retailers have been doing in Seattle to help merchandise our Defense Savings Stamps.

The work in the State of Washington is in charge of Saul Haas.

Yours sincerely,

(Signed) Henry

The President,
The White House.

By Messenger

Sturges 4:15

M.M.C.



TREASURY DEPARTMENT
WASHINGTON

156

November 11, 1941.

MEMORANDUM FOR THE SECRETARY:

Herewith a book given me by Saul Haas about the "Retailers for Defense" week in Seattle.

Mr. Haas thought you might be interested to glance at this.

GRAVES.

*Book sent to
Fren
11/12/41*

NOV 12 1941

Dear Mr. Edwards:

I am sorry to have delayed answering your letter written from Columbia on October 31.

Mr. Graves has told me that you and he have arrived at the understanding that you will remain on our staff for the present, but that in the future we will call upon you for active service in Washington only as special occasions may require. This of course has my approval.

Let me take this occasion to express my appreciation again for the very fine work which you have done. The support given the Defense Savings program by the banks of the country has been invaluable, and for this we owe a great deal to your intelligent planning and the zeal and energy with which you have applied yourself to our problems.

I will be glad to see you when you are next in Washington.

With kind regards, I am

Sincerely,

(Signed) E. Horntkass: JDe

Mr. B. M. Edwards,
Assistant to the Secretary,
Treasury Department,
Washington, D. C.

HNG/mff

By the Treasurer *George*
5:40
W. M. C. - *Edwards file*
File in *Horntkass*

TREASURY DEPARTMENT

WASHINGTON

Columbia, S. C.
October 31, 1941

Honorable Henry Morgenthau, Jr.
Secretary of the Treasury
Washington, D. C.

Dear Mr. Morgenthau:

About eight months ago, at your request, I went to Washington to assist the Treasury in the Defense Bond Program and other matters. You were very considerate of me and gave me the title as Assistant to the Secretary of the Treasury, which I think was a very high honor and which I deeply appreciate.

I feel that the particular work which I have been doing has about been accomplished, and I think that the reports coming in at the end of October will show that practically all of the banking institutions in the United States of any importance have now qualified as issuing agents for Series E Defense Savings Bonds.

I spoke to Harold Graves about the matter last week and we are in accord that from now on the contact with the banks is largely one of a local nature and that the field organization through their state banking chairman and the banker representative of the local committees should carry on the work. In other words, it could not be done in a satisfactory way from Washington, because there are entirely too many banks to be contacted and local matters of issue will be coming up frequently that need immediate attention which can be much better and more quickly handled by the local committees.

I, of course, am very anxious to do anything further that I can to help you in this matter or in any other way possible, yet at the same time you understand that I have a lot of work to do with the banking institution with which I am connected and can only give a small part of my time. I shall be glad if you will be thinking about the situation, and I am planning to be back in Washington Wednesday and Thursday of next week and would like to have the opportunity of discussing the matter with you.

With my sincere regards and best wishes, I am

Very truly yours,



B. M. Edwards, Assistant to the
Secretary of the Treasury

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

MM
159

DATE November 12, 1941

TO Mrs. Klotz
FROM Vincent F. Callahan

The Secretary asked me this morning to make recordings of two parts of last night's Treasury Hour. He wanted two records of the Archibald MacLiesh poem, Freedom's Land, and a record of the sketch about Abraham Lincoln.

All of these records have been made, and have been sent to Mr. Graves.

Vincent F. Callahan



TREASURY DEPARTMENT
WASHINGTON

160

November 12, 1941.

MEMORANDUM FOR THE SECRETARY:

We have sent to Mr. Murray in the Projection Room on the first floor, recordings of "Freedom's Land" (poem by Archibald MacLeish, music by Ray Harris); and of the "Abraham Lincoln" sketch, with Henry Fonda, Bill Adams, and John Brown. These were a part of the Treasury Hour program on November 11.

The "Freedom's Land" recording can be played on any Victrola; the "Abraham Lincoln" sketch can not be played on the Victrola.

GRAVES.

TREASURY DEPARTMENT

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INTER OFFICE COMMUNICATION

DATE November 12, 1941

TO Mrs. Klotz
FROM Vincent F. Callahan

Frank B. Walker, Vice President of RCA Manufacturing Co., advises me that he has ordered "shells" of "London Pride" and "Could You Please Oblige Us With A Bren Gun" from England.

Mr. Walker said:

"We cannot do anything about it until the shells are ordered. As quickly as they are received by us, we will press up two or three samples and listen to them most carefully."

Mr. Walker will be in touch with us as soon as they reach a decision.

Vincent F. Callahan

TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

162 ~~W~~

DATE November 12, 1941.

TO Mrs. Klotz
FROM Mr. Vincent F. Callahan

We have followed-up the Secretary's suggestion about getting talent from Broadway shows, and to date, we have broadcast parts from three shows—Panama Hattie, The Wookey, and Lady in the Dark.

The next one, on November 25th, will be a bit from Best Foot Forward. In this will be featured the song "Buckle Down Winssocki", and one other number.

We are working on other shows and will advise you as they are booked.

Vincent F. Callahan

FROM: MR. SCHWARZ'S OFFICE

The Secretary

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TO:

Please note page 5. I learn that several groups outside the Government already are at work on reports that this man's renewed activity is being financed in part with German funds. One of these groups is the Anti-Defamation League.

cc

SPEECH BY GERALD SMITH, STATION WOL, 9:15 P.M., NOV. 12, 1941.

Members of the Congress, President Roosevelt, and
Members of the Cabinet:

One week from tonight I shall speak directly to the President of the United States. My entire manuscript will be prepared especially for him. I trust that my friends in Washington will wire the President and call the White House and remind him of this broadcast. I know the President is a very, very busy man, but at the same time, he must know that we speak for three million constituents from forty-eight states, all American citizens.

I am fully aware of the way our President's time is taken up with the affairs of the Government and the preservation of peace or the execution of war, whichever you want to call it; but I am sure that inasmuch as he has been able to entertain the king and the queen, Walter Winchell, Charlie Chaplin, Hollywood stars, as well as numerous members of foreign royalty, I am sure that the President will be able to listen in next Wednesday night if he knows about the broadcast. The President may not agree with everything I say next Wednesday night, but he will have a hard time proving what I say to be wrong.

Now a word directly to you, Senator Prentiss Brown of

Michigan: In voting to amend the Neutrality Act you deserted your people, you ignored the will of your constituents. As a candidate for re-election to the United States Senate in 1942 you are finished, washed up, done! If you believe I am wrong, I make you this challenge, Senator Brown. Come back to Detroit. Rent the convention hall, announce that you are going to make a speech explaining your vote. I challenge you to hold such a meeting! In fact, Senator Brown, I challenge you to set up a big mass meeting to which the public is invited in any populous center in Michigan and announce in advance your subject, "Why I Voted to Send American Ships into War Zones." If you ever announce such a meeting, Senator Brown, I doubt if you could quiet the audience long enough to make your speech heard. You have no idea of the resentment that exists in Michigan against you because you voted the way you did in the Senate.

And I say to you members of the lower House, before you vote with the war party on the Neutrality Act, you had better imagine yourselves making a speech in your Congressional district to explain why you were voting to send American boys into the death zone of this war. Remember, American boys are going to be killed, and when your opponent in the next election gets hold of this vote of yours he is going to accuse you properly, he is going to accuse you of sending these boys to their death,

and that accusation will retire you from the United States Congress.

The speech that Congressman Dewey Short made on November sixth in which he dealt with Wendell L. Willkie has had a very popular response in the Middle West, and nobody knows it better than Wendell Willkie himself. I passed through Elwood, Indiana the other day and the people in Elwood are saying that they were willing to have their cornfields tramped down, their streets littered up with pop bottles and paper sacks when Willkie spoke in Elwood in 1940. In fact they said they were willing to do anything or to suffer anything to get a President who would keep us out of this foreign war. Now that Mr. Willkie has gone over to the war party, they might even have a difficult time in renting the town hall for a meeting in Elwood. I prophesy that if Mr. Willkie is read out of the Republican Party, that the campaign will be led by members of the delegation from his home state of Indiana; and I am willing to wager that when the fight comes that out of the twelve Congressmen from Indiana, there won't be one who will stand up and defend Mr. Willkie. Even Congressman Halleck will be in danger of defeat for re-election merely because he nominated Wendell Willkie at Philadelphia, but I prophesy that Mr. Halleck will be smart

enough to do what it takes to get himself out of that hole in time to save his seat in the House of Representatives.

In the Neutrality Act debate on the floor of the Senate, Mr. Tydings of Maryland expressed the unique sentiment which is experiencing a very popular response among my followers. He said, "We have twisted Hitler's tail on the floor of the Senate and in the White House. We have started a shooting war without legal sanction, while our little army of a million and a half men walk up and down, up and down, with beer trucks for tanks, wooden clubs for machine guns, and with imaginary aircraft guns to hold off the mightiest military force in the history of the world." Senator Tydings' speech opened up a whole new strata of voter interest. There are millions of people who are beginning to say, "Hold on, what goes on here? Are we being asked to spit in the face of a gangster loaded down with machine guns, when all we have is a pop gun and a slingshot, and not even enough of them?"

We say to you members of Congress, if some of you men continue to cooperate with the policies that might get the United States into a Dunkirk episode which might result in getting one or two million of our boys killed or wounded unnecessarily by being brought into this war by a set of blowhards

and windbags, you will not only be retired from Congress, but you are very likely to find it difficult to get along with your constituents even as retired Congressmen.

As for you Congressmen from the deep South, the vote of Senator Bilbo of Mississippi, who has always been considered as a shrewd interpreter of political undercurrents and popular trends, his vote should constitute an omen of caution for some of you Southern representatives who have been away from the forks of the creek for quite a while.

Now here is another terrible mistake some of you members of Congress and leaders of the Administration are making; that is, if you care anything about the people, what they think, or about your getting re-elected. One day Mr. Morgenthau announces that he would like to double the Social Security tax. He wants to increase the income tax fifteen percent even above the big tax bill that has just been passed. Now that is all very well from the standpoint of national defense, but the next day or so the President comes out and says, "I have turned over to Russia one billion dollars." How do you think that makes the people in your district feel, you Congressmen?

You of course remember that the President said about six weeks ago that Russia wouldn't need any money, that she could

pay cash for everything she bought. Now we not only give her a billion dollars, but we give it to her for a birthday present on the twenty-fourth anniversary of the Revolution, the anniversary of the big day when they slaughtered the priests, liquidated the Christians, seized private property and proceeded to scientifically starve three million Ukrainians to death.

Here is part of the United Press dispatch which appeared in the Detroit Free Press. I quote: "Washington, November 7th. The Russians who found a billion dollar baby in a local Lend-Lease store responded handsomely tonight by throwing the hottest party Washington has seen since the historic recognition of the blowout of 1934. It set back the Soviet Embassy about ten thousand dollars, but between friends, what is one of one hundred thousand ten thousand dollar bills? The mere setting up of a beer and pretzel! At least three thousand guests, from admirals and generals to OPM clerks from the grass roots, dipped in the caviar, sampled Scotch and champagne and admired a super sturgeon baked and liberally bedecked with red flags."

I think if Nero could be resurrected from the grave and come back to Washington with a fiddle he would say, "Boys, I am a piker. Take me back to the cemetery."

Gentlemen of Congress, when you go back home between now and the election, when you start visiting your constituents during the campaign, they will begin to ask you some very pointed questions. For instance, I have a letter from a veteran of the last war who was wounded. He is living in an attic with seven children. He gets thirty dollars per month. He is from Oklahoma. Now, Senator Lee, when that man asks you why he should have to get along in an attic with seven children on thirty dollars a month while you vote a billion dollars to Russia, what are you going to say to him?

Some of you Congressmen may not like me, but you can't laugh off the importance of what I am saying. For instance, the greatest strength of our committee of one million is in the states of Ohio, Indiana, Michigan. You shrewd politicians, look up the record, see how the delegations in Congress from these three states have been voting on these war issues. Not only have these three delegations got what is perhaps the best voting record against steps that lead to war, but I am going to remind you of something that every good politician in America knows, whether his name is Jim Farley, John Flynn or Mayor Kelly. These men know that there is no instance on record where Ohio, Indiana, Michigan all bet wrong on national policy at the same time. I repeat, there is no instance on

record where Ohio, Indiana and Michigan all bet wrong on national policy at the same time. Whenever these three states have stood together they have interpreted the results of every national election of this century; and I am willing to wager tonight that the attitude of Michigan, Ohio and Indiana delegations on these war issues foretells the kind of Congress there is going to be elected next fall and the kind of President that will be elected in 1944.

You say, "Oh, we will beat them down with defense contracts." Who has the biggest defense contract in America? Detroit. But what is the most completely isolationist city in America? Detroit. Dead set against all these war measures, so isolationist that Wendell Willkie, Dorothy Thompson, Claude Pepper and the rest couldn't even think of setting up a big pro-war rally in Detroit. The same holds for Indianapolis, Columbus, Cleveland, South Bend.

I am not trying to tell you Congressmen what to do but I am trying to point out some common sense weathervanes, signboards that will not only help you to do what is best for the people but will help to keep you from committing political suicide, by going along with these drum beaters, warmongers and hysteria experts.

Although my address one week from tonight at this same

hour is prepared especially for the President, I presume I can't prevent the rest of you from listening in at 9:15. We use as the text of this series the words of William Lloyd Garrison, "I am in earnest. I will not equivocate. I will not excuse; I will not retreat a single inch, and I will be heard."

November 12, 1941

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My dear Mr. Hoover:

Your two confidential letters,
dated November 8th, have been received
by me and their contents noted. Thank
you for this information.

Yours sincerely,

(Signed) H. Morgenthau, Jr.

Mr. J. Edgar Hoover,
Federal Bureau of Investigation,
Department of Justice,
Washington, D. C.

File nmc

JOHN EDGAR HOOVER
DIRECTOR



**Federal Bureau of Investigation
United States Department of Justice
Washington, D. C.**

November 8, 1941

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PERSONAL AND CONFIDENTIAL
BY SPECIAL MESSENGER

The Honorable
The Secretary of the Treasury
Washington, D. C.

My dear Mr. Secretary:

As of possible interest to you, information has been received from a reliable, confidential source that in July 1941 an official of the National City Bank of New York stated that his firm had credited to the Vatican City account \$25,000.00 received from Michael Vidal, Newark, New Jersey, and that this sum had been deposited by the Federal Trust Company of Newark.

This official also asserted that the Vatican City account had been debited with \$10,000.00 for transfer of funds to Banco Espirito Santo e Comercial de Lisbon, Lisbon, Portugal.

Sincerely yours,

J. E. Hoover

JOHN EDGAR HOOVER
DIRECTOR



**Federal Bureau of Investigation
United States Department of Justice
Washington, D. C.**

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November 8, 1941

PERSONAL AND CONFIDENTIAL
BY SPECIAL MESSENGER

The Honorable
The Secretary of the Treasury
Washington, D. C.

My dear Mr. Secretary:

As of possible interest to you information has been received from a reliable confidential source to the effect that the Governor of Guadeloupe was advised on June 23, 1941, that the French State Official Gazette published a decree on exports from France on April 3, 1941. He was further advised that certain imports into the Colonies were paid for by a draft against foreign holdings in France, and that moreover certain colonial exports were contracted as payable in francs and to be settled by debiting foreign accounts in France. Such methods of payment are now prohibited and the following instructions for payments for commercial exchanges between foreign countries and French possessions overseas are to be followed:

Imports are to be paid for under a compensation scheme, which imports can be drawn up in any currency but must always be paid for in francs by payment to the exchange office. Imports of goods originating in the United States must be contracted as payable in foreign exchange. However, they must not be contracted in pound sterling but only as payable in United States dollars when an assurance has been obtained that the necessary dollars will be unfrozen by the American authorities.

Exports are to be paid for under a compensation scheme and can be drawn up in any currency but must be settled on behalf of the exporters in France by the Exchange Office. Exports destined to the United States must be contracted for in United States dollars

*John
Edgar Hoover*

To the Secretary of the Treasury - 2 -

11/8/41

after an assurance has been obtained that the dollars paid by the foreign purchaser will not be liable to freezing by the American authorities. If it is impossible to obtain this assurance, the American purchaser should be asked first to import into the Colony the equivalent in goods of the required exports.

Other exports must be necessarily drawn up in free foreign exchange, for instance, in Swiss francs, escudos, etc., and eventually in Shanghai dollars. They must only be drawn up in United States dollars when an assurance has been obtained that the dollars paid by the foreign importer will not be liable to freezing by the American authorities. This means that except in exceptional cases, these exports must not be drawn up in United States dollars.

Applications for authorization of imports and exports are only to be granted when the method of settlement laid down conforms to the instructions set forth above.

Sincerely yours,

J. E. Hoover

November 12, 1941.

MEMORANDUM

Mr. Loy Henderson, Assistant Chief, Division of European Affairs, State Department, called me today and stated that the Soviet Charge had been to the State Department and had advised them that the Russian ice breaker KRASSIN left Providens on November 3 direct for Seattle. He said that the State Department had been told by the Russians that it would not be practicable to stop in Alaska as the Coast Guard had desired and he (Mr. Henderson) assumes that it is because they did not want to put on any Americans with the Russian crew prior to arrival at Seattle.

at Mr. Henderson's request
I advised Admiral Waesche, who estimates that the KRASSIN should arrive at Seattle not later than the end of the week.

WMP

NOV 12 1941

Dear Mr. Rockefeller:

Reference is made to your letter of October 20, 1941, informing me that your office is willing to make available an amount up to \$6,000 to enable this Department to make the necessary preliminary investigation of the proposed Inter-American Treasury Bulletin.

I wish to express my appreciation of your cooperation in the initiation of this project. We shall move forward at once with the plans which were outlined to you in my previous letter.

Sincerely yours,

(Signed) E. Mersenthaler, Jr.

Secretary of the Treasury.

Mr. Nelson A. Rockefeller,
Coordinator of Inter-American
Affairs,
Commerce Department Building,
Washington, D. C.

W. M. C. H. H. H.

FAC:mfb
11/6/41

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE FOR EMERGENCY MANAGEMENT
COORDINATOR OF INTER-AMERICAN AFFAIRS

October 20, 1941

Dear Mr. Secretary:

I have your letter of October first in reference to the proposed Inter-American Treasury Bulletin. This office has made a thorough study of the question, and I have discussed the matter with the Department of State and with Mr. Harry White of your office.

In view of the fact that the Inter-Departmental Committee on Cooperation with the American Republics has approved this project and expects to include funds for carrying it out in the fiscal year of 1942-43 in its request to Congress for appropriation, this office will be pleased to provide the necessary funds to lay the groundwork for the establishment of this Bulletin up to an amount of \$6,000 as suggested in your letter, funds being made available to the Treasury as this project will be under your supervision.

This Bulletin should serve a very useful purpose, and I am delighted that we can cooperate with the Treasury in initiating this important project.

Sincerely,



Nelson A. Rockefeller
Coordinator

The Honorable
The Secretary of the Treasury
Washington, D. C.

TREASURY DEPARTMENT

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INTER OFFICE COMMUNICATION

DATE November 12, 1941

TO Mr. White
FROM V. F. Use VC

Subject: Canada's Blocked Sterling

Mr. Coyne of the Canadian Department of Finance told me the other day that Canada's holding of blocked sterling had now, he thought, passed \$650 million. He thought it would soon be a billion dollars. He said they were getting down to the end of the Government's securities which could be repatriated and that the British would be very reluctant to sell the non-governmental Canadian securities which they held.

Coyne said very confidentially that they were considering a plan similar to what we had under R.F.C. That is, the remainder of the Canadian securities held by the British would not be sold to Canada, but pledged against a large loan. He thought the alternative was to make a straight gift of the blocked sterling or of the goods and this too was being considered.

According to Coyne the accumulation of blocked sterling is now a little in excess of \$1 billion per annum (\$1 billion in Canadian money I believe was meant.)

cc circulated to: Kistler
Hicks
Hoflich

NOV 12 1941

My dear Mr. Minister:

Thank you for your letter of November 3, and the accompanying memorandum on the importance of maintaining a flow of equipment to the Canadian gold mines.

It appears to me that the memorandum is not specific enough for the purpose in hand. We would like, for instance, to know more definitely how much steel and how much of the various kinds of equipment will be necessary in order to prevent your gold production from declining by a certain amount. The decision might well turn around these marginal quantities but no indication of their magnitude is given in the memorandum.

If you could let us have more detailed information on this subject, we would be better equipped to discuss the matter with the appropriate Government agencies.

Sincerely yours,

(Signed) E. Morgenthau, Jr.

Secretary of the Treasury

The Honorable,
H. H. Wrong,
Minister Counsellor,
Canadian Legation,
Washington, D. C.

HEW:VFC:msh
11/7/41

7. 11 C
By Messenger 4/20 Brown
File to Mr. White



CANADIAN LEGATION
WASHINGTON

November 3rd, 1941.

My dear Mr. Secretary:

You will recall that when Mr. Graham Towers saw you last Thursday he discussed with you the importance of maintaining the supply to Canadian gold mines of certain parts, equipment, and other supplies which they normally secure from the United States and cannot now secure from other sources. Mr. Towers undertook to provide you with a memorandum on this subject, setting forth the position of the Canadian Government.

I have now received from Mr. W. C. Clark the enclosed memorandum, which he has asked me to pass on at once to you. Should you wish to discuss its contents with me, I am at your disposal at any time convenient to you.

Believe me, my dear Mr. Morgenthau,

Yours very sincerely,



Minister Counsellor.

Henry Morgenthau,
Secretary of the Treasury,
Washington, D. C.

areas in Northern Quebec. If gold production were to be stopped in these areas, these communities and the agricultural areas dependent on them would be unemployed and destitute. The plant and equipment of the industry cannot be diverted to producing other supplies, other metals, for example, and the relatively remote location of the areas involved would make it impossible to establish other industries there even if there were time for preparation.

The Canadian Government believes that gold production should not be allowed to limit or interfere with the production of war supplies. The Government is not attempting to secure the expansion of the gold mining industry, now that other means have been worked out for securing a large part of the deficit in Canada's supply of United States dollars required for essential imports. Further, the Government does not propose taking any steps to prevent the closing down of the "marginal" high-cost mines which find it difficult to continue operations in the face of rising costs and shortages of experienced labour. The Government believes that a progressive transfer of labour can be effected from that part of the industry which is finding it difficult to continue production, but cannot contemplate without grave concern the dislocation of the efficient operation of the bulk of the industry by the lack of small amounts of essential supplies and repair parts.

As a consequence of these considerations, it is hoped that the Treasury will appreciate the importance to Canada of a continued supply of the modest requirements needed from the United States by the Canadian gold mining industry.

Ottawa, October 31st, 1941.

Canadian Government on this current question, in order that the Treasury may take this into account if its views are to be placed before the Policy Committee or others concerned with this subject.

The Canadian Government would very much appreciate any efforts that could be made to ensure the continued delivery of the relatively small amounts of materials, parts and equipment required from the United States to maintain production of gold in Canada. It desires to emphasize that the failure of such delivery would result in a serious interruption of gold production, consequent disturbance to our balance of payments arrangements with the United States, and, in addition, serious dislocation and unemployment not only of the gold mining industry but also of the large areas dependent almost entirely upon it. The production of gold and its sale to the Treasury is a major source of United States dollars to Canada in wartime as well as peacetime, and is an efficient source in the sense that the amount of labour and materials used in our existing mines is small in relation to the values produced. Since the beginning of the war gold mining has been recognized by the Canadian Government as an essential industry, more essential than many other industries producing for domestic, civilian purposes. The use of labour and materials in Canada for gold production has not limited nor interfered with the production of other metals and war supplies.

The effects on the balance of payments, however, are by no means the sole reason for the concern of the Canadian Government in this matter. The gold mining industry is the sole support for a considerable number of Canadian communities, and, indeed, practically the entire support for a large area in Northern Ontario and other

MEMORANDUM ON THE NECESSITY OF OBTAINING
PRIORITIES FOR CANADIAN GOLD PRODUCTION.

Canadian gold mines have recently been having difficulties in getting certain parts, equipment and supplies which they normally obtain from the United States and for which no alternative sources of supply are available. They have in some cases endeavoured to obtain priority ratings for their requirements and have sought the assistance of officials of the Canadian Department of Munitions and Supply in asking for priorities from the Office of Production Management. A number of Canadian gold mines have applied to be listed and given serial numbers in the same way that American mines are listed for obtaining priorities for emergency repairs and maintenance and for current supplies.

The officials of the Office of Production Management to whom these requests were addressed indicated that they were not themselves in a position to recognize gold mining in Canada as an essential industry and could not grant any priority ratings to these mines for their requirements from the United States until a decision on policy had been taken. The Metals Controller of the Canadian Department of Munitions and Supply then wrote to the Administrator of Mine Priorities of the Office of Production Management, pointing out the importance to Canada of maintaining gold production, not only because of the foreign exchange obtained from it, but also because of the fact that a large portion of the Canadian economy was dependent directly or indirectly upon that industry. The Administrator of Mine Priorities replied to say that this letter was being referred to the Policy Committee of the Economic Defence Board.

The purpose of this present memorandum is to ensure that the Treasury is informed of the view of the

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The purpose of this present memorandum is to ensure that the Treasury is informed of the view of the

Canadian Government on this current question, in order that the Treasury may take this into account if its views are to be placed before the Policy Committee or others concerned with this subject.

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As a consequence of these considerations, it is hoped that the Treasury will appreciate the importance to Canada of a continued supply of the modest requirements needed from the United States by the Canadian gold mining industry.

Ottawa, October 31st, 1941.

By Safe Hand

British Embassy,
Washington, D.C.
November 12, 1941.

W.T. 1045/113/41

Secret

Dear Mr. Dietrich,

With reference to my letter W.T. 1045/109/41 of November 4, 1941 we have now heard from Liam that the amount of gold discharged by the Terukawa Maru was \$570,000, or about 2-1/2 million yen. This was evidently the same shipment as that referred to by Auburn in his letter to you of October 13, 1941, reference W.T. 1045/92/41.

Yours sincerely,

(Signed) E. V. Palin.

Mr. Frank Dietrich,
Stabilization Office, Room 279,
U. S. Treasury Department,
Washington, D.C.

OSBY - dm - 11/13/41 - (14)

S E C R E T

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The Problem of
GERMAN OCCUPATION OF NORTHWEST AFRICA
OBJECTIVES AND COSTS

November 12, 1941

Coordinator of Information

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The Problem of
GERMAN OCCUPATION OF NORTHWEST AFRICA
OBJECTIVES AND COSTS

Summary and Conclusion

I. Objectives

The positive military advantages to Germany of occupying Northwest Africa are considerable: first, in connection with the Mediterranean campaign; second, with respect to the South Atlantic counter-blockade; third, and less urgently, with respect to long run exploitation of areas bordering on the South Atlantic.

Equally, if not more important, would be the negative advantage of denying access to an important European flank and Mediterranean rear position.

Economically the advantages of occupation are at best slight in the short run, problematical in the long run. The maximum increment to occupied Europe of Northwest African supplies cannot be regarded as a significant factor in the German decision. Occupation would however, have the important negative advantage to Germany of preserving a considerable leak in the Allied blockade.

Politically, occupation would remove the last remaining important bargaining levers of France and Spain. There would be, for them, no real alternatives to full collaboration. Further, occupation might be the basis for a significant strengthening of the morale of Italy.

Negatively, occupation would serve to insulate the politically vulnerable peoples of Southern Europe from Allied influence.

II. Costs

Military advice is to the effect that an action by Germany against Northwest Africa would take the form of a pincer movement through Spain and Tripoli. It is most unlikely that the Germans will move through Spain without Spanish collaboration or acquiescence. The force mobilized by the Germans would be of a size capable of overcoming full French resistance in Northwest Africa, whether or not that resistance is, in fact, expected. On these assumptions it is calculated that occupation

- 11 -

would require roughly 9-14 divisions and sufficient planes to achieve air superiority. The transport, landing, and subsequent supply of the required force, against the air and naval resistance available to the British and French in this theater would be a difficult but not insurmountable problem for Germany; this assumes Spanish collaboration or acquiescence and the maintenance of the existing supply facilities from Italian and Greek ports across the central Mediterranean.

The net political and economic costs of a campaign against Northwest Africa will vary considerably, depending upon the decision taken by Vichy with respect to collaboration. Other costs would include the loss of entrepôt supplies through Spain, Portugal, and the Canaries; the probable necessity of economic and territorial compensation to Spain and Spanish Morocco; the danger of exposing German troops to typhus; the burden of occupying French Morocco, Tunis, and Algeria; and the cost of furnishing the goods not supplied by the country.

In addition, Germany must reckon with probable Allied occupation of Azores and Cape Verde Islands; probable strengthening effect on American morale and unity, caused by German bases at Casablanca and in Canaries.

III. Final Conclusion

The military and political advantages of occupying Northwest Africa seem to outweigh the probable and even the maximum costs to Germany.

IV. Timing

Available evidence on the probable timing of a German move is not adequate for sure prediction. It does appear, however, that there is no factor in the present situation that makes immediate German occupation necessary. It therefore is quite possible that the equivocal situation in Northwest Africa may persist for some time.

THE GERMAN OCCUPATION OF NORTHWEST AFRICA¹OBJECTIVES AND COSTSI. ObjectivesA. Military Objectives

Occupation by Germany of Northwest Africa relates to four sections of the present war: the campaign against Russia in the east; the campaign against Britain in the Mediterranean; the counter-blockade against British shipping in the South Atlantic; the campaign for commercial and perhaps military power in the Western hemisphere and in West, Southwest, and South Africa.

1. The Russian campaign affects German Northwest African strategy in two ways. (a) No move against Northwest Africa can be made if, during the coming months, the demands of the Russian War make the mobilization of a sufficient German striking force impossible. (b) If the Russian war is expected to continue on a large scale into 1942, it would be to the German advantage to deny the

¹The assumption on which this report is based is that the Axis force in Libya is regarded by the Germans as sufficient or capable of being made sufficient to hold the British in the eastern Mediterranean.

- Northwest African coast to the Allies, as a potential base for attack on Southern Europe.
2. Occupation of Northwest Africa would further the German campaign in the Mediterranean:
 - (a) by completely closing the Mediterranean as a supply route to the British armies of the Middle East; (b) by opening important new supply ports for Axis troops in Libya; (c) by neutralizing Gibraltar as a naval base and opening the Western Mediterranean to Axis commercial shipping; (d) by providing a secondary defense position in case of a British victory in Libya; (e) by closing an exposed rear position and eliminating the possibility of an Allied pincer movement in North Africa.
 3. Occupation of Northwest Africa would further the counter-blockade in the South Atlantic:
 - (a) by providing submarine bases at Casablanca and elsewhere on coast; (b) by providing abundant facilities for land-based air attack on shipping; (c) by providing full control of the Canaries, as a base within protective range of shore-based aircraft.
 4. Occupation of Northwest Africa would be the first and perhaps decisive step in the long run German geo-political program for attain-

ing commercial and political hegemony in Latin America, West, Southwest, and South Africa.

E. Economic Objectives

Pursuant to the terms of the Armistice Agreement, the strategic resources of Northwest Africa are now virtually under German control. Subsequent negotiation and maneuver have given Germany more direct control, especially with respect to olive oil, wheat, phosphates, molybdenum, cobalt, manganese, and the negligible native petroleum output. The flow of Northwest African goods after occupation, as opposed to the present flow, will be determined by the following considerations:

1. The extent to which Germany will invest manufactured goods to regenerate the commercial, transport, agricultural, and mining facilities of North Africa.
2. The extent to which increased shipping facilities will be made available to the Northwest African-South European routes.
3. The extent to which technicians and capital will be invested to discover and exploit suspected new mineral resources.
4. The extent to which present leaks (hoarding,

- 4 -

non-European exports, black bourse operations, etc.) will be stopped.

Negatively, occupation would forestall the loss of very considerable agricultural and mineral supplies now flowing from Northwest Africa to the European continent. This loss would presumably follow upon a possible Allied occupation.

C. Political Objectives

Successful occupation by Germany of Northwest Africa would achieve the following political objectives, favorable to the Axis effort:

1. The belief in ultimate Axis victory would be spread further throughout the Moslem world.
2. An end to the quasi-independent French state in Northwest Africa would remove an important residual French hope and bargaining lever; moreover, all of southern Europe would be forced into greater dependence on Germany, and in the long run, probably into greater collaboration with Germany.
3. The elimination of the possibility of Allied occupation of Northwest Africa would forestall a potentially serious inroad on the morale of the New Order; for Allied occupation would create serious difficulties for Germany

- 5 -

within France, Spain, and Portugal; and might cause a complete collapse of the Fascist regime within Italy.

4. The possible gift of Tunisia to Italy would significantly strengthen Italian morale.
5. German occupation of Northwest Africa would seriously affect the disposition of Latin America: through the full incorporation of Spain and Portugal in the New Order; through German occupation of African ports and air bases; through the acceptance of a strategic set-back by the Allies.

CONCLUSIONS: The positive military advantages to Germany of occupying Northwest Africa are very considerable; first, in connection with the Mediterranean campaign; second, with respect to the South Atlantic counter-blockade; third, and less urgently, with respect to long run exploitation of areas bordering on the South Atlantic. Equally, if not more important, would be the negative advantage of denying access to an important European flank and Mediterranean rear position.

Economically the advantages of occupation are at best slight in the short run, problematical in the long run. The maximum increment to occupied Europe of Northwest African supplies cannot be regarded as a significant factor in the German decision. Occupation would, however, have the important negative advantage of preserving a considerable leak in the Allied blockade.

Politically, the occupation would narrow the alternatives to full collaboration which are now available to France, Italy, Spain, and Portugal; in addition, occupation might be the basis for a significant strengthening of the morale of Italy.

- 5 -

II. Costs

The disadvantages of and obstacles to a German occupation of Northwest Africa are grouped as follows: (a) military costs; (b) probable political and economic costs; (c) disadvantages based on Allied reaction.

A. Military Costs

1. Troops and Equipment

Estimates of German force required to occupy Northwest Africa vary with the degree of resistance assumed. The maximum opposing force is the following:

(a) Spain - 500,000 to 550,000 troops of which 194,000 in Morocco and 55,000 in the Canaries.

6 cruisers, 18 destroyers, 5 submarines

400 first line planes.

(b) Portugal - 50,000 troops

3 cruisers, 10 destroyers, 3 submarines

150 planes.

(c) France - 86,000 in unoccupied France, 80,000 in North Africa.

2 battleships, 1 aircraft carrier, 11 cruisers, 25 flotilla leaders, 28 destroyers, 55 submarines (also damaged Richelieu, Dunkerque, partially complete Jean Bart) in European and Northwest African waters.

312 planes in unoccupied France, 371 planes in North Africa.

- 7 -

There is, in addition, the British naval, land and air force based on Gibraltar and Malta.

Under no circumstance foreseeable can it be assumed that the full force of this array will be thrown against a German attack. The Spanish and Portuguese metropolitan forces are, by most observers, expected to be passive. The Spanish colonial force, under the most likely conditions, must be counted a minor net addition to the German strength. Most estimates assume full, but ineffective, resistance by the British force at Gibraltar; full or partial resistance by the French force in Northwest Africa.

On this basis it is calculated that the occupation of Northwest Africa will require nine to fourteen divisions with a balanced air force sufficient to achieve air superiority, operating from Italian, Libyan, Spanish, and later, Spanish-Moroccan bases.

This campaign, according to military advice, will take the form of a pincer movement through Spain and Tunis with the troops and planes about equally divided between the two arms of the pincer.² A British estimate on the length of time this

²In case of Spanish resistance a British estimate states that 14 German divisions would be required for the Spanish pincer.

- 8 -

operation would take calculates that about nine weeks would suffice. This assumes full French resistance in Northwest Africa.

2. Transport and Supply

The problem of transport and supply constitutes a difficult but not insurmountable problem to the Germans, especially with respect to oil and gasoline shipments.

(a) Assuming full French resistance in Tunis, it is calculated by the British that a month would be required to seize Tunisian ports, land, and concentrate five divisions. Adequate shipping and European ports of embarkation are available for this operation.

(b) Assuming Spanish acquiescence in Europe and Africa, it is calculated by the British that fully six weeks would be required to move five divisions from the Spanish-French frontier to consolidated positions in Spanish Morocco. Motor-road, railway, tanker, and ship transport facilities, though neither first class nor abundant, are, nevertheless, available for this operation.³

CONCLUSION (Military): Assuming Spanish collaboration and full resistance by the French in North

³It is universally assumed that Gibraltar would be by-passed in the occupation of Northwest Africa and rendered useless as a naval base by artillery and air attack. The reduction of Gibraltar as a stronghold would be a lengthy and costly undertaking, to be launched by the Germans and Spanish at a later date, if at all.

- 9 -

Africa, the occupation would require 9-14 divisions, and sufficient planes to achieve air superiority. Assuming Spanish collaboration or acquiescence, and the maintenance of existing supply facilities in the Central Mediterranean, the transport and landing of the required force against the naval and air resistance available to the British and the North African French in this theater, and the subsequent supply of that force would be a difficult but not insurmountable problem for Germany.

B. Probable Political and Economic Costs

I. France

If German diplomacy were to secure the full collaboration of Vichy and the Northwest African administration, the cost of occupation would consist merely of the diversion of the occupying force and the loss of American imports now flowing to the area. Occupation would be almost immediately undertaken under these circumstances.

1. Vichy

If Vichy refused to collaborate or submit politically to a German occupation of Northwest Africa, total occupation of France would probably follow. This would create the following difficulties for Germany:

(a) An enlarged occupation force and

enlarged administrative responsibilities, over an increasingly restless population.

(b) The failure of the New Order in France would be demonstrated to occupied Europe.

(c) Weygand, and perhaps Beisson and the French navy would be free to pursue an independent policy.

To forestall this situation the Germans could bargain powerfully with:

(a) a peace offer,

(b) the French prisoners now held by Germany,

(c) the political aspirations of Vichy collaborationists,

(d) an offer of increased food supply and reduction of occupation costs.

Granted the strength of these bargaining powers Pétain and the anti-collaborationists might accept the consequences of refusal if they knew that the Allies were prepared to put a decisive force at Weygand's disposition; and if they knew that the French navy would either assist Weygand, or at least not collaborate with Germany nor fall under German control.

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2. Weygand

The conditions under which Weygand might resist are:

- (a) If, under any circumstances, Pétain ordered resistance;
- (b) If made a free agent and guaranteed Allied assistance on a scale which would assure success.

Weygand might resign if ordered by Vichy to collaborate with the Germans, and if no adequate Allied reinforcements were offered. Such an event would reduce resistance in Northwest Africa to a degree dependent upon the leadership offered by non-collaborationists now within the Northwest African administration.

3. The French Navy

It seems unlikely that the present French Naval Command would order collaboration with the British. The major condition under which it would order collaboration with Germany is the certainty of ultimate German victory.

CONCLUSION (French): If the Germans induce the French to collaborate, the political and economic costs will be negligible. If the Germans cannot induce the French to collaborate, the costs would be those listed above under the difficulties of full occupation of metropolitan France.

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II. Spain

It may be assumed that Spain and Portugal will submit to, if not collaborate with, a German operation against Northwest Africa.⁴ There are, nevertheless, the following irreducible costs to Germany of passage through Spain:

- (a) loss of Spain and Portugal as financial agents and entrepôts in Atlantic trade;
- (b) Loss of petroleum products now stated to be flowing to Canaries for use by German submarines;
- (c) loss of Lisbon as observation and espionage center;
- (d) necessity to occupy and police minimal territory along the supply line and on the west flank (Portugal);
- (e) indirect loss consequent to shutting off Spain's current imports chiefly from Latin America and Britain;⁵

⁴There are reports at present that the Franco regime may even invite German occupation, in order to avoid alleged impending disorders over the Spanish food shortage.

⁵To shut off these imports would worsen an already desperate situation in Spain. In order to preserve the form of Falangist New Order the German would probably offer some combination of food and notably oil supplies as well as promises of territory. The alternative would probably be the disintegration of the present Spanish regime, with damaging repercussions in Europe and South America.

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- (f) the hazard of typhus, now epidemic in Spain.

If Germany should occupy Spanish Morocco, the loss of current imports would have even more severe economic consequences than in metropolitan Spain.

CONCLUSIONS (Spanish): All available evidence points to Spanish collaboration or acquiescence in a German move against Northwest Africa. There are, nevertheless, the considerable costs to Germany listed above. And although these are considerable, they cannot be regarded as costs sufficient to deter a German drive.

III. French Morocco

Assuming German victory in French Northwest Africa certain minor costs would follow:

- (a) the management of a widely dispersed population.
- (b) the necessity for importing all manufactured supplies and petroleum products for the occupying force.
- (c) the necessity for replacing current American exports to Northwest Africa or permitting further deterioration of capital there.

CONCLUSIONS (political and economic): The net political and economic costs consequent to a campaign against Northwest Africa are those dependent upon Vichy's decision; the loss of entrepôt supplies through Spain, Portugal and the Canaries; the probable necessity

of economic and territorial compensation to Spain and Spanish Morocco; the danger of exposing German troops to typhus. The burden of occupying French Morocco, Tunis, and Algeria; and the cost of furnishing the goods not supplied by the country.

C. Disadvantages Based Upon Allied Reaction

1. Probable Allied occupation of Azores and Cape Verde Islands.
2. Probable strengthening effect on American morale, unity, and action caused by German bases at Casablanca and in Canaries.

III. Final Conclusion

The military and political advantages of occupying Northwest Africa far outweigh the probable and even the maximum costs.

IV. Timing

Available evidence on the probable timing of a German move is not adequate for sure prediction. It does appear, however, that there is no factor in the present situation that makes immediate German occupation necessary. It therefore is quite possible that the equivocal situation in Northwest Africa may persist for some time.

- A. The following strategic factors argue that German action against Northwest Africa may be delayed:

- 15 -

1. German commitments in Russia, the Middle East, and Libya:

According to military advice present developments in these theatres indicate that the Germans will probably be reluctant to open a new military front. At the same time it should be noted that the establishment of German consulates in key cities of Northwest Africa might be interpreted as the beginning of a diplomatic offensive which may result in Germany's freedom to use Bizerta, Oren, and Casablanca as air and submarine bases.

2. Allied Commitments in Russia, the Middle East, and Egypt virtually preclude the possibility of an expedition to anticipate a German occupation of the North African ports. It has been cogently argued that without this threat the Germans may be content to leave the North and Northwest African problem in its present unresolved status.

3. Political crises in France and Spain might be precipitated by a German occupation of Northwest Africa. Vichy's psychological and economic collaboration with Germany

- 16 -

is based on the hope of a partnership in the new European Order. The chances of realizing these hopes would be diminished by the almost certain resignation of Weygand, and by the imminent territorial rewards for Spain in Morocco and Italy in Tunis. Such a result might seriously curtail France's industrial contribution to the Nazi war machine. A German occupation of Spain might hurt Spanish pride and the promised German rewards would probably fall short of Spanish ambitions.

- B. The following strategic factors argue that German action against Northwest Africa may come in the near future:
1. German grand strategy might seek a decision in Egypt by moving against Suez, assumed to be the key to the Near and Middle East. An excellent source asserts that the occupation of Bizerta as a supply base would be an essential preliminary, and that such an occupation would be the signal for the pincer movement against French North Africa. In short, the time of the attack in the

- 17 -

west may be determined by the propitiousness of an attack against Suez. The proper time for such a campaign is the autumn and winter season.

2. The increased productivity of war industries in the United States and the increased naval activity in the North Atlantic have the effect of lightening the patrol duties of the British navy, increasing the volume of American deliveries to Britain, and possibly releasing the necessary British tonnage. This may increase German fear of the Allies anticipating the German occupation of Northwest Africa.
3. Recent popular pressure in Britain for action in Northwest Africa might further influence the German decision.
4. The possibility of a winter lull in the campaign in Russia would permit the liberation of the necessary German forces.
5. Recent Allied successes in harassing the Axis supply line to Libya might hasten German action.

APPENDIX

West Africa

The problem of West Africa and Dakar will be resolved by the degree of co-operation or resistance the Germans will receive from Vichy and Weygand. Full co-operation by Vichy and Weygand would extend German occupation almost automatically to West Africa and necessitate no further discussion. Difficulties for the Germans would be created by a policy of co-operation by Vichy and one of resistance by Weygand.

In case this later situation would arise, Bolisson, governor of West Africa, would have to choose between his loyalty to Vichy and his loyalty to Weygand. Assuming Bolisson's loyalty to the latter the conquest of Dakar would probably not be undertaken immediately by the Germans for the following reasons:

1. German control of the Moroccan ports and the Canaries would suffice for the time being to jeopardize seriously British-bound shipping on the north-south lane.

At the present time British convoys assemble at or near Freetown and proceed north through the eastern reaches of the Atlantic. To interrupt this traffic the Germans would have available in Morocco the excellent harbors of Casablanca (accommodation for a naval force of three battleships, a squadron of cruisers, and two flotillas of destroyers; 10,000 feet of quayage for 23-foot-draught vessels, modern equipment) and Tangier (not as well developed, but better protected from southwest winds and swells) as well as the eight minor

- 19 -

harbors of Agadir, Mogador, Safi, Fedala, Rabat, Wadi Sebout, Larache, and Arcila, of which Agadir has the greatest possibilities, if developed further, as a potential submarine base. These ports, however, lie somewhat to the northeast of the optimum zone of submarine operations. Consequently, the Germans would probably occupy the two good ports of the Canary Islands, Las Palmas and Santa Cruz, about 630 miles southwest of Casablanca. Using these bases, the new German submarines with an operating range of 8000 to 10,000 miles, supplemented by observation planes and surface raiders, could quite easily make the present British supply route untenable. An expensive diversion of shipping to the West and from there to the North Atlantic route would be the minimum cost inflicted upon the British.

2. The operation against Dakar would be extremely difficult.

Dakar at the present time is considered impregnable by sea to anything less than a major naval and military expedition. Its defenses consist of more than 50,000 troops and 100 planes (of late frequently reinforced by shiploads of men and modern equipment), powerful coastal batteries, the guns of the stationary Richelieu and an efficient naval force of two cruisers, four flotilla leaders, one destroyer and twelve submarines. Only the co-operation of the Vichy fleet with the Germans might disorganize these defenses sufficiently to make a comparatively easy conquest possible. Barring this possibility, the Germans would be forced to take the land-air route from Marrakesh to Dakar, a distance of about 1740 miles. Most of this route consists of a track through the Western Sahara, rough, hot, and short of water. Before troops and materials could pass over it in any quantity, supply dumps would have to be established and considerable road improvement carried out. The same considerations apply to the establishment of air bases.

3. Dakar's use as a submarine and air base would depend upon the ability of the Germans to supply it, determined largely by such imponderables as the collaboration of the French fleet and the speed with which the

- 20 -

Germans could complete overland communications.

4. An Allied occupation of Dakar, separated from Northwest Africa by the Sahara, would not threaten the establishment of an important second front against the Germans.

5. In case the Germans would need Dakar for an extension of the battle of the Atlantic, their possession of Northwest Africa would give them a geographical advantage over any other power.

These reasons seem strong enough to outweigh the disadvantages which the possible occupation of Dakar by the Allies would create for the Germans:

1. The possession of another good naval base and convoy station by the Allies on the bulge of Africa.

2. The loss of West African vegetable oil to Continental economy.

3. The German failure to obtain additional well protected air, submarine and cruiser bases, which might be employed not only to stop the British use of Bathurst and Freetown as convoy and naval bases and thus make British convoying doubly difficult, but also to serve as a constant threat to Latin America.

4. The elimination of a costlier German campaign in the future.

These disadvantages, serious as they are, seem

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nevertheless not great enough to force the Germans to undertake an immediate attack on Dakar, which constitutes a problem of only secondary importance to the Germans until they are ready to extend the area of their hegemony over most of Africa and South America.

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Supporting Studies

1. North African Chronology since the Fall of France
2. German "Eurafrican" Objectives as Developed in Geopolitical Theory.
3. The Problem of Vichy.
4. The German Political and Economic Problems in Iberia.
5. Germany's Economic Stake in French North and West Africa.
6. The Military Problems of a German Conquest of Northwest Africa.

NORTH AFRICAN CHRONOLOGY
SINCE THE FALL OF FRANCE

MEDITERRANEAN SECTION

This chronology has been compiled from newspaper sources, principally the *New York Times*. It lists most of the events and significant rumors dealing with Western Mediterranean problems. Unless otherwise indicated all the listed items are from the *New York Times*.

These reports have been classified for clarity's sake into those concerning:

- (1) The Axis and the Western Mediterranean.
- (2) France and its African Colonies.
- (3) Spain and its Colonies.

NORTH AFRICAN CHRONOLOG SINCE THE FALL OF FRANCE

Date 1941 Class #	The Fall and the Western Mediterranean	France and its African Colonies	Spain and its Colonies
June 18		Marcel Peyroux appointed Resident-General of Tunisia; reputation as strong and able veteran colonial administrator indicates peril of Empire.	Spanish communique reveals Spanish Moroccan troops have taken over Tangier; action taken in agreement with Britain, France, and Italy to guarantee Zone's neutrality; Madrid demonstrators hail move, demand Zone for Spain; Italians hail Tangier occupation; Berlin sources say Allies agreed to occupation; Hull says U.S. will maintain extra-territorial rights. Powers are assured that international status will continue.
June 22	France agrees to accept terms of Compiegne armistice.		
June 24	French ordered to demilitarize Tunisia, Bizerta, Ajaccio, Oran, and strip of territory bordering on Libya, under Italian armistice terms; French civil authorities remain in charge. Fighting ceases.		
June 25		Resident-General Nogues pledges defense of North Africa against foreign invasion, in radio speech; interpreted by some to suggest resistance to policy of surrender.	Madrid press utters demands for Gibraltar and French Morocco.
June 26		Fear of colonial defection a cause for new Empire appointments, including that of Pierre Boissac as Governor-General of French West Africa.	
		Daladier and others detained at Casa-Blanca at Nogues' order. Events begin to indicate that despite British urging, civil, military, and naval units in French North Africa will follow Petain policy and cease fighting.	
June 28		Nogues, Governor Le Beau of Algeria, and Peyroux all declare loyalty to Petain. General Gouraud reported sent to Morocco with appeal to Nogues, from Weygand, and with instructions to be prepared to take over if Nogues refused to accept armistice. Naval commanders said to be uniformly loyal to Petain policy.	

Date
1940
July 3

The Axis and the Western Mediterranean

France and its African Colonies

Spain and its Colonies

July 4

French fleet units in British ports put under British control; conditions offered to French warships in North African ports; British report attack on French ships at Oran after conditions were refused.

British sink French battleship, seaplane carrier, two destroyers, and damage two new battle cruisers and one older battleship in fight off Oran lasting 14 hours; fight followed Admiral Gennesse's refusal to accept British terms; French battleship *Dunkerque* or *Strasbourg* escapes to Toulon or other French port on African coast; French Committee in London says so French capital ship has fallen into German or Italian hands.

July 5

French government breaks with Britain over Oran attack; French ships in Oran ordered home; Minister Baudouin attacks Churchill, says French fleet unable to defend self; Britain warns of blockade against France; 1,000 casualties reported in Oran battle. A French plane attack on Gibraltar reported.

July 5

Britain reports naval planes crippled battleship *Dunkerque* off Algeria; France moves to defend fleet from British pursuit; freed temporarily by Germany and Italy from obligation to disarm in the Mediterranean.

July 8

British report successful attack on French battleship *Richelieu*; Navas news agency reports hits on British battle cruiser *Hood* and damaging of two British destroyers in battle with French off Mars-el-Kebir.

Franco-British break made formal. French London embassy members say if Britain had held fire, French crews would have scuttled ships; General de Gaulle tells British not to gloat over Oran victory, but defends British action in broadcast to France; British deny French charge that British machine-gunned French crews and coastlines that French intended to demilitarize ships in unoccupied French ports.

Date	The Axis and the Western Mediterranean	France and its African Colonies	Spain and its Colonies
1940			
July 9	Home telegraph admits British destroyed 1/2 of French fleet and seized 1/3; says French naval bases in North Africa will be used against Britain.		
July 10		Britain lists Algeria, French Morocco, and Tunisia as enemy territory.	
July 14		Churchill offers British aid to French possessions cut off from France but maintaining their freedom.	
July 17			Generalissimo Franco voices Spain's demand for Gibraltar and African expansion; Spanish press urges aiding French and Spanish Morocco, under Spain.
July 19		Admiral J. M. Acrial, "hero of Dunkerque" replaces LeBeas as Governor-General of Algeria.	
July 21		Nogués and Sultan Sidi Mohammed of Morocco pledge loyalty to Vichy government.	
July 28		Vice-Admiral Esteve, commander of French maritime forces in the South, appointed Resident-General of Tunisia, replacing Peyroux, who returns to France. (London Times, July 27, 1940)	
July 31		British counsels at Marrakesh and Fez told to leave.	At Tangier, Spanish forces bring pressure to bear on International Assembly to replace French administrator with Señor Amieva, Spanish minister and head of local Palace.
Aug. 3	French charged armed British patrol landed in Cameroon. British counter with report of the escape of the Polish steamer <i>Kronos</i> from Dakar, where the authorities allegedly tried to hold her "till the Germans came."		
Aug. 22	General de Gaulle accuses Vichy Government of sending 800 planes from French African colonies to Germany; denied.	General Verges to command French troops in Morocco, General Audet in Tunisia. Verges replaces Nogués, retired from military command for age but remaining as Resident-General of Morocco.	

Date
1940
Aug. 27 -
Nov. 17

The Axis and the Western Mediterranean

France and its African Colonies

Spain and its Colonies

Sept. 3

Free French win over all of Equatorial Africa and the Cameroons, supported by British offer of economic aid to colonies which fight on. Vichy drops several governors, forbids assemblies. Revolt reported stirring in French West Africa and Morocco, where harsh measures are applied against "traitors."

Rétain is broadcast to French empire urges support of Vichy government; French strengthens rule in French Morocco by reorganization. 19 French planes land at Gibraltar, having escaped from Morocco.

Sept. 7

Vichy government sends General Weygand to French Africa as Delegate-General to direct all military and administrative activity; Platon, Secretary for Colonies; Houtziger War Minister.

Weygand's powers: "He has power to provoke, and, if need be, take all measures of urgency necessitated by the military security of the territories of French Africa."

Sept. 11

6 French warships pass through Gibraltar Straits without British interference; non-interference a mystery; French government says warships headed for Dakar. Cruisers: *Georges Leygues, Gloire, Montcalm*. Destroyers: *L'Audacieux, Le Malin, Fantasque*.

Sept. 14

French governmental system in Tunisia reorganized by Resident-General Esteva, with approval of Sidi Ahmed Bey.

Sept. 16 ff.

Serrano Suñer in Berlin as Spanish special envoy, sees Hitler, Ribbentrop; African partition reported discussed.

Date
1940
Sept. 21

The Axis and the Western Mediterranean

France and its African Colonies

Spain and its Colonies

Sept. 22

Popolo d' Italia says French and Belgian African possessions must be "reorganized"; reveals Axis conference on post-war distribution of African colonies among Germany, Italy, Spain, and Portugal.

German radio reports British attack on French naval squadron off Dakar. Truth seems to be that 6 French warships put out to sea with the declared intention of convoying some merchant ships back to France, but the British fearing they might be planning interference in Gaullist Equatorial Africa, intercepted them, sent all but one back to Dakar (one went to Casablanca for repairs).

Sept. 23

British fleet shells Dakar after rejection of landing ultimatum for British-Free French expeditionary force led by General de Gaulle; French Foreign Minister Badois says Vichy government will resist, assails de Gaulle. 35,000-ton battleship *Fichtelau*, injured earlier, joins recently-arrived squadron in defense.

De Gaulle's objectives as yet unclear: to thwart German penetration? to capture colony for "Free France"? or to get warships?

Vichy says Dahomey, Togo, Ivory Coast, Madagascar will remain loyal to Petain, but admits "dissidence" of Equatorial Africa and Cameroons.

Sept. 24

De Gaulle fails to find expected support in Dakar, 6 attempts to land fail. Only then does "protective" British squadron join in shelling. French lose 2 submarines; 300 casualties reported.

Sept. 26

Seeing that only after a major engagement, (with shedding of much French blood) can Dakar be taken, De Gaulle persuades British to withdraw with him. Meanwhile, Petain and Darlan have assailed Britain in Vichy, and a French air squadron has bombed Gibraltar in reprisal. Vichy reiterates that there are no Germans in French West Africa. Vichy officials reported pleased at Dakar results; believe French resistance and Gibraltar raids responsible for British withdrawal; see de Gaulle discredited; admit loss of destroyer *Audacieux* at Dakar; Governor-General Boisson praised.

Date	The Axis and the Western Mediterranean	France and its African Colonies	Spain and its Colonies
1940 Sept. 20			Serrano Suñer visits Rome.
Oct. 4		General Weygand to leave for Dakar to organize African defense (arrival reported October 28).	
Oct. 17			Serrano Suñer, administrative head of Spain's Falange, Minister of Government with broad powers, and recently Franco's special envoy to Rome and Berlin, replaces Col. Beigbeder as Foreign Minister. Known to be pro-Axis.
Oct. 23			Hitler confers with Franco on French-Spanish border.
Oct. 24	Hitler and Laval confer; "collaboration" rumors evoke U. S. warning; talk of Franco-German peace and end of occupation in return for bases, some warships, token colonial distributions; Spain to be rewarded.		
Oct. 30		Vichy government decrees suppression of general councils and local assemblies in colonies; colonial governors alone to be responsible.	
	Madrid sources report General Noguès in Morocco will resist if Vichy orders surrender to Spain and Axis; Germans deny rumors that their troops are in Spain.		
Nov. 2	Germans are reported displeased at Weygand's speech pledging firm French colonial stand; fear lest French firmness cause Spain to reconsider.		
Nov. 4-5			Tangier is formally incorporated into Spanish Morocco. Col. Antonio Yuste abolishes International Committee of Control, Legislative Assembly, Mixed Office of Information; makes himself Military Governor, responsible to High Commissioner of Spanish Morocco (General Carlos Ascaso), Spanish Administrator, appointee of Assembly on July 21, dismissed. Spanish peseta made legal currency of Zone. British reserve rights, indicate they expect Franco to refuse requests for German troop transit.
Nov. 9			International gendarmery abolished, Spain takes over Zone's internationalized commercial status Britain "assumes" Spain does not intend to fortify Zone. Italian submarines reported undergoing repairs in port.

Date
1940
Nov. 9-12

The Axis and the Western Mediterranean

France and its African Colonies

Spain and its Colonies

De Gaulle forces attack Libreville, capital of Gabon in French Equatorial Africa. By November 17, the last Vichy stronghold in Gabon is taken and the Free French hold all Equatorial Africa (See Aug. 27 - Nov. 17)

Rumors that Weygand's failure to return to France indicate his intention of resisting Vichy policy; Vichy denies having called him home.

Platon, Esteve, Abrial and Weygand confer in Algiers; then Platon sees Petain, Nogues and Huntziger in Vichy.

French Merchant Marine reports imports from North Africa, Casablanca, and Dakar near peace-time level in September 15-October 15 period.

Nov. 15

D. N. B. says recently signed economic pact between Vichy and Germany includes French Colonies and protectorates.

Popolo d' Italia threatens Axis military action if Vichy Government fails to stop De Gaulle's African expeditionary force.

Nov. 16

50 German police officers enroll in Italian colonial police school at Tivoli for training in African patrol work; more to follow.

Nov. 22

Spain completes incorporation of Tangier into Spanish-Morocco Protectorate. Cabinet approves judicial law recognizing incorporation. High Commissioner assumes control of all Zoua's services.

Dec. 7

Francisco confers with French Ambassador Pietri, warns against opposition to Spain's colonial aspirations.

Dec. 8

De Gaulle urges French fleet and French armies in North Africa and Syria to join British against Italians, is broadcast.

Date	The Axis and The Western Mediterranean	France and its African Colonies	Spain and its Colonies
1940 Dec. 12		Weygand in Jay Allen interview claims his role as Delegate-General of Britain to French Africa is being misrepresented in British, American press; desires rift with Britain.	
		French reported breaking British blockade by convoying ships from Algeria through Gibraltar; British show restraint.	
Dec. 21		Vichy government organizes 6 economic committees to handle colonial activities and prevent foreign economic domination. Export licenses to be issued, other control measures instituted.	French consul-general in Tangier refuses to hand over customs house control; Tangier natives protest food situation; instructed by Sultan, Meadoub calls on Spanish military governor Yuste, asks clarification of situation. (Meadoub is Sultan of Morocco's representative in the Zone, nominally controls native affairs.) British Consul-General protests dismissal of British officials in Zone's administration.
Dec. 25		Weygand recall to Vichy denied; retains full confidence of Vichy government; tours African empire inspecting defenses.	
1941 Jan. 1-2	Rumor that Britain's threat to take his Government to Africa and resume fight is holding off complete German occupation of France.		Spanish Foreign Minister Serrano Suñer says occupation and subsequent incorporation of Tangier was "to forestall other claimants" to a region vital to Spain.
			British negotiate with Spain on Tangier commercial status, using her potential blockading power to win interim agreement on preservation of her subjects' rights.
Jan. 9		Rear Admiral Platon defies any challenge to French empire; accuses Britain of wasting French colonies as barter instruments; attacks de Gaulle.	
Jan. 23	De Gaulle charges German plan to land troops in French African base of Bizerta, to go to aid of Italians, against whom Free French troops have joined British forces.		
Jan. 31	Gen. de Gaulle appeals to Weygand forces in radio speech to join Free French forces in Libya conquest. Rumor that real difficulty of Franco-German collaboration is Weygand's refusal to return to France from Africa. Vichy says no formal bid for African bases.		

Date 1941	<i>The Axis and the Western Mediterranean</i>	<i>France and its African Colonies</i>	<i>Spain and its Colonies</i>
Feb. 1	Weygand in radio speech in Algiers urges French African troops to support Pétain and not to heed appeals to enter war against Italy; rejects de Gaulle plea for war aid.		
Feb. 7	Weygand says French will never agree to occupation of Bizerta or any other part of Tunisia in Algerian broadcast.		
Feb. 10-12	Franso and Serrano Suñer go to Italy to confer with Mussolini; Pétain leaves Vichy to confer with Franso after latter's conference with Mussolini; Franso and Serrano Suñer and Mussolini confer at Bordighera; complete identity of Italian-Spanish views announced.		
Feb. 15	Pétain and Franso confer at Montpellier; Serrano Suñer confers with Darlan; Tunisia discussed? Vichy reports Franso refused war entry bid.		
		Weygand reported refusing Italian permission for fleeing Libyan army to enter Tunisia.	
Feb. 17		Governor-General J. M. Abrial asserts Algeria's loyalty to Pétain government.	
Feb. 18	French-Italian economic pact including Morocco, Algeria, Tunisia concluded; Italian goods get minimum tariffs.		
Feb. 19		General Gtic appointed supreme commander of French air forces in French North Africa; new unification thus achieved.	
Feb. 25		Paris Matrix links de Gaulle's attack with French gold reserve in Dakar.	
Feb. 26			British Undersecretary Butler reveals British-Spanish "interim" accord on Tangier, providing (1) No fortification of zone (2) A consular court to replace the mixed international court (3) Compensation for dismissed international officials. British rights, press, other institutions protected.
Mar. 5-11		General Weygand reports to Pétain in Vichy on French African empire; Pétain reaffirms his faith in Weygand; March 11 Weygand returns to Africa post. First trip to France since September.	
Mar. 6	Germans take over French Moroccan duties as Italian commission members leave; Germans reported controlling Tangier by sending "technicians." Not more than 60 Germans reported in Morocco; other reports disagree.		
Mar. 8		General revision of French colonial administration forecast, with Weygand taking over posts of Bataeva and Abrial in Algeria and Tunisia.	

Date
1941
Mar. 11

The Axis and the Western Mediterranean

France and its African Colonies

Spain and its Colonies

Mar. 14

British agree to easing of blockade of North Africa on assurances of no German infiltration into French Africa.

Mar. 16-17

Generalissimo Franco bars German plan to fly planes across Spain to Africa, says report.

Spain ousts Mendoub Si Mohammed Tazzi from office in Tangier; palace to be used as German consulate as before World War; Si Larbi Tensamani, successor of Mendoub, takes office; completely controlled by Spanish authorities. New native potentate not responsible to Sultan but to Caliph of Spanish Morocco and Spanish authorities. New aggressive policy seen, now that negotiation with British concluded.

Mar. 30

French shore batteries in Nemours, Algeria and British warships trade shots when British squadron attempts to halt convoy of 4 French ships escorted by a French destroyer. Later, when British squadron on way back to Gibraltar French bombers attack it. Convoy escapes, British claim they refrained from firing on it. French protest, denying British right to interfere with ships carrying non-military goods; say convoy was attacked. Hitherto British have applied blockade leniently to French ships.

Apr. 7

Rétain in radio speech urges national unity, support of Darlan and rules out action against British.

Apr. 12

"Fertiss" charges Veygard has allowed himself to be seriously weakened in North Africa, now has only 125,000 men, less than 100 planes, lack of gas and other raw materials, food-stuffs. Credit Italian Armistice Commission with a thorough job of disarming Libyan border. Traised Germans now infiltrating with new German Armistice Commission, size of which is expanding. (N.Y. Times, April 12, 22)

Apr. 22

Persistent reports that Hitler is demanding right of transit for German troops across Spain. Franco reported refusing, Serrano Suñer reported favoring it; Vichy denies Hitler demand for troop passage through unoccupied France.

Date
1941
May 2

The Axis and the Western Mediterranean

France and its African Colonies

Spain and its Colonies

May 3

Robert D. Murphy sent back to French North Africa as State Department's observer; talk of sending U. S. food there if assured that it won't get to German hands, and that Empire won't be included in "collaboration." British opposed to it up to now, Axis forces in Libya being no near.

Spanish authorities at Tangier require all citizens of German-occupied countries to get German permission to leave zone.

May 5

Spain takes over Tangier custom service; Britain continues efforts for Spanish-British trade deal; Madrid press renews demands for French Morocco and Algeria.

May 11

Lieutenant General Luis Orgas replaces General Ascaso as high commissioner of Spanish Morocco, also commander in chief of troops there. June 5 Colonel Isate replaced by Colonel Grassano as military governor of Tangier.

May 14, ff.

First reports of German infiltration into Syria, including use of air-dromes. Suggests new forms of collaboration; U. S. joins Britain in warning France against further concessions to Axis in North or West Africa.

Newarkville, French Air Minister General Bergeret reported inspected air defenses throughout French Africa.

Eden charges Vicky permits German torpedo boats to pass down Rhose River to Mediterranean.

May 22

France moves to strengthen Dakar defenses, with new guns, new anti-aircraft, etc. Garrison supposed to be 5000 men, with less than 100 planes. The new-repaired Richelieu, 3 destroyers, 3 cruisers, several submarines, make up naval defense.

May 28, ff.

British planes pursuing Libya-bound Italian convoy hit French and Italian ships in Sfax harbor, Tunis; further strain on British relations with Vicky; also raid on Aleppo; Syria and Lebanon called enemy areas. 3 raids on Sfax.

British end issuance of navicerts to French ships.

Date	The Axis and the Western Mediterranean	France and its African Colonies	Spain and its Colonies
1941 June 2-3		Weygand, Petain confer on colonial and Syrian situations.	
June 4	French deny British reports that U-boats have arrived in Dakar or that Germans are using French naval bases.		
June 7	Weygand gets complete supervision of colonial policy; reported to have blocked outright military collaboration with Germany; said to oppose diverting forces to reconquer Free French acquisitions; is promised status quo in North Africa, report says.		
June 8- July 12		Free French and British take Syria.	
June 22		Weygand condemns invasion of Syria in bitter speech at Casablanca.	
June 28, ff.		<p>U. S. - French, North Africa pact announced, French will get oil, etc. British had assented in early Spring, then withdrew assent, now agree to it again with mingivings; have released tanker <i>Escherezade</i>, carrying oil to Casablanca, captured and taken to Bermuda when British revoked its savicert in May. Pact restricted to French Africa, and to non-military goods; Murphy there to insist on strict compliance with terms on reshipments to Europe. Considered a sort of bribe for Weygand to forestall North Africa's "collaboration" by easing economic stringency. 4 French ships to shuttle between U. S. and Casablanca, will bring U. S. strategic materials.</p> <p>1st shipment includes clothing, tea, sugar. Later machinery, oil, etc. U. S. to get cork, olive oil, red squill, perfume oils, gum arabic, salt fluorides, tartar, sheep casings. Pact extended to Dakar, Seagaw, July 22. (See also note on Sept. 24, 28)</p>	
July 12	French deny German aid defense work at Casablanca, Dakar, and Mers-el-Kebir; assert defense activity due to U. S. occupation proposals; (Lindber press warns U. S. of attacking Azores)		
July 13		Vicky reported in joint West African defense talks with Spain and Portugal, by Tunis paper. Nogues reported present.	
July 16		General Weygand succeeds Admiral Abrial as Governor-general of Algeria.	

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Date	The Axis and the Western Mediterranean	France and its African Colonies	Spain and its Colonies
1941 July 19		Darlan appoints Vice-Admiral Jacques Fenard as Weygand's secretary and his (Darlan's) liaison man at Weygand's headquarters.	
July 20		French warn U. S. of Dakar and Morocco strength; stress Weygand military forces; warn any aggression will be resisted; Speech by Boissac pledges to defend Dakar.	
July 23			General Fernando Barron Ortiz succeeds General Masor Grande as Military Governor of Algerian area, adjacent to Gibraltar.
July 27	German-controlled Paris press launches campaign for French-German military pact for defense of Dakar and other French African areas.	Vichy troops to be moved from conquered Syria to French Morocco, many Senegalese and Foreign Legionnaires to join Free French but most Frenchmen decide to remain loyal to Vichy.	
Aug. 6		Vichy decree orders General Weygand to submit North African general policy questions to Vice-Premier Darlan.	
Aug. 8		Meadell replaces Odic as air chief in North Africa, Nogues applies anti-Jewish rules in Morocco; Weygand arrives in Vichy to discuss general situation.	
Aug. 15		General de Gaulle appoints General P. Le Gentilhomme Free French commander in chief in French Africa.	Recurrent reports of German troops passing through Spain to North Africa.
Aug. 26		General Juia, released from German prison camp, returns to former post as assistant to commander of Moroccan troops.	
Aug. 27		General Juia replaces Verges as commander in chief of troops in Morocco; General Delattre de Tassigny for Audet in Tunisia, and General Koeltz for Besays in Algeria. At same time, Admiral Aupiais put in command of French fleet.	

Date 1941 Aug. 28	The Axis and the Western Mediterranean	France and its African Colonies	Spain and its Colonies
		General Huastiger to command all North African troops, apparent loosening of Weygand's authority. (Christian Science Monitor, August 29)	
Sept. 2	German-controlled Paris press accuses U. S. of filtering "tourists" into African territories, including the region surrounding Dakar, (Liberia, Sierra Leone, etc.) and of showing an unnatural interest in the trans-Saharan Railway.		
Sept. 4		Vichy grants funds for work on Dakar base and its overland communications with Mediterranean. Improving Dakar-Niger Railroad and completing a trans-Saharan highway system. Work continues on railroad to Colomb Bechar in Algeria, which is connected by narrow gauge to the Mediterranean. Also, work on new base at Abidjan, French Ivory Coast part development, with Dakar it will flank British port of Freetown in Sierra Leone.	
Sept. 12	Talk of joint German-French-Spanish defense of West Africa from U. S.; Britain, tri-power staff talks at Melilla, Morocco reported to have resulted in the setting up of a permanent joint staff. Flow of German arms to French Morocco, Spanish Rio de Oro, and Dakar. Foreign Legionnaires sent to Dakar. Portugal included?		
	Article in <i>Journal Echo de Paris</i> hints at major German-Italian offensive in Mediterranean, possibly in Spain.		
Sept. 16		Neguès, Esteva, Buisson, Boats come to Vichy in close succession for conferences. Esteva confident of Tunisia's "loyalty", despite economic stringencies.	
Sept. 22		On eve of anniversary of Dakar attack, Gen. Buisson in Vichy renews pledge to defend Casablanca against all comers, reiterates that there are no Germans in Dakar.	

Date
1941
Sept. 24-28

The Axis and the Western Mediterranean

France and its African Colonies

Spain and its Colonies

N. Y. Herald-Tribune report on supplies received in North Africa under U. S. - Weygand pact, paid for by unfreezing credits. No military equipment sent, but tar (for roads), iron wire, coal, textiles, fuel oil, kerosene, farm machinery, twine, tea, tobacco, and sugar; all under U. S. license. \$12,000,000 so far (some to Martinique) State Department apparently plans \$12,000,000 worth quarterly in future. Risks: Germans might get it, by transshipment or in Morocco. Reported Weygand has 200,000 well trained troops. - true? Also, it is true that Weygand has been tough with German "tourists" and prohibited contacts between armistice commissions and Arabs? Imports relieving the native agitation. Note, however, that armistice commission has weakened Bizerta defense and demilitarized Libyan line.

Oct. 24

Nazis said to seek Weygand ouster; reported urging Vichy to make General Dentz, ex-Syria chief, commander in Africa; continued German suspicion of Weygand.

GERMAN "EURAFRICAN" OBJECTIVES
AS DEVELOPED IN GEOPOLITICAL THEORY

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Geography Division

(Compiled with the assistance of
the Mediterranean and
Western European Sections)

GERMAN "EURAFRICAN" OBJECTIVES
AS DEVELOPED IN GEOPOLITICAL THEORY

Summary and Conclusion

- A. The importance of geopolitics in German military plans has not been definitely established. It is possible that Haushofer is an important adviser to the General Staff and that geopolitical concepts are taken seriously in high quarters in Germany. It is certain that one of the aims of the Geopolitical Institute is to influence Germans and foreigners to support German military and economic imperialism.
- B. German plans for Africa deal not only with the restoration of the German colonies but also with the organization of Eurafrika, which will accomplish the political and economic integration of the two continents.
- C. German regional plans for Africa have also been elaborated.
- 1) The conquest of North and West Africa is considered the "logical next step" in German strategy, for the control of Dakar and Casablanca or of the Vigo-Canaries-Azores triangle would cut the British supply route from the Cape. In the long run Germany is expected to replace France in the exploitation of North Africa.
 - 2) South and East Africa are to be settled and developed by the Germans in cooperation with the Boers.
 - 3) The Western Mediterranean is to be the preserve of a Spain, which, dominated by Germany, will serve as a decoy for Latin America and as a German sentinel at Gibraltar. Portugal will probably be punished for its pro-British attitude.
- D. Conclusion: No doubt seems to exist in the minds of German geopoliticians that 1) German control of North and West Africa is an essential part of the strategy of the war and that 2) Africa is to be organized as a supplement to European, and especially German, economy.

GERMAN "EURAFRICAN" OBJECTIVES
AS DEVELOPED IN GEOPOLITICAL THEORY

A. Importance of Geopolitics¹

The importance of the group of writers associated with the Zeitschrift für Geopolitik has not been definitely determined--in spite of all that has been written in this country concerning it. Certainly the function of these writers is to prepare propaganda for German military and economic imperialism. This propaganda is aimed at middle-class and upper-class readers in Germany, and at influential people in foreign countries whose support for German plans is desired. We do not know if Haushofer is an important adviser to the German General Staff. In case he is, his advice is not necessarily reflected in his published writings, but probably transmitted in other ways. On the other hand, however, it may be that the writings of his group are symptomatic of the General German plans, for it has been possible to show that a number of statements

¹ There can be no sharp delineation of "the writers associated with the German Geopolitik school." For the purposes of this report, because of the limited staff and the short time allowed, it was narrowly restricted for the most part to the writers associated with the Zeitschrift für Geopolitik. It is possible that significant studies might also be found in the standard geographical journals. Much more important, in all probability, are the Vierjahresplan Raumforschung und Raumordnung, and the economic journals.

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in the Zeitschrift prophesied correctly subsequent military and political action. Still it should be noted that such prophecies could have been made by American students of German affairs. Nevertheless, the concepts of Geopolitik appear to be taken seriously in high quarters in Germany. As Niedermayer puts it, the German nation no longer plans its defense in terms of military geography alone, but studies "Wehrgeographie," and even more important, "Wehrgeopolitik."² What writers on Geopolitik have to say about Africa and the Mediterranean, therefore, cannot be dismissed lightly.

B. German Plans for Africa

Nearly all German geopolitical statements on Africa and the Mediterranean indicate that the Nazis, upon achievement of victory in this war, intend to take over political control of the greater part of, if not the whole African continent. The first point of evidence is the prominence which Geopolitik writers have given to discussion of colonial problems. As far back as 1927 and 1928 articles on colonies were

²Niedermayer, Oskar von, "Wehrgeographie", Wissen und Wehr, 1934, 305ff.

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appearing in the Zeitschrift für Geopolitik.³ At first mild, and sympathetic with the "oppressed" natives,⁴ they rapidly become more and more belligerent, insisting upon Germany's rights, and critical of English and French "dog-in-the-manger" attitude. This reached its peak in 1939 in the Zeitschrift für Politik, when two entire numbers⁵ were devoted to the colonial "question." In the course of this campaign there appeared such statements as: "Germany demands the unequivocal return of her former protectorates."⁶ "The German Lebensraum is too small without being supplemented by colonies."⁷ "An answer to the burning German question of colonial activity is given when one contemplates an economic map of Africa." "When the time comes, we shall not

³Friedmann, R., "Frankreich und der Islam," Z.f.G. IV, 1927, pp. 58-63; Ross, Colin, "Afrika in seiner Welt-politischen Entwicklung", Z.f.G. IV 1928, pp. 1-4; Von Bülow, J., "Der Antikolonialkongress in Brüssel", Z.f.G. IV, 1927, pp. 373-81.

⁴Von Bulow, J., "Der Antikolonialkongress in Brüssel," Z.f.G. IV, 1927, pp. 373-81.

⁵Zeitschrift für Politik: "Spezialheft über die Kolonialfrage", v. 29, Jan.-Feb. 1939, heft 1/2 pp. 1-155. With articles by E. Obst, H. Schnee, R. von Epp, K. Sapper, Dr. Zeitschell, P. Muhlens, D. Westermann, H. Stellrecht, S. von Wagenheim, K. Johannsen, F. C. Willis, F. Stock, M. Hagen, M. E. Pasemann, J. Loeber.

⁶Obst, Erich, "Lebensräume der Weltvölker," Z.f.G., v. 29, 1939, p. 9

⁷Von Epp, R., "Die Wirtschaftliche Bedeutung der Kolonien", Z.f.G. v. 29, 1939, p. 30

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forget that the map of Africa has been altered since 1880." "(Germany should) develop Africa as a source of raw materials, to make Europe completely independent of the good will of America and Asia."⁸

That colonial aspirations have not been given up in the eastward military expansion of Germany, and that preparation for the administration of colonies even now is being undertaken, is shown in the recent literature⁹, which informs us that Germany intends to "construct a supplementary colonial economy"¹⁰ and ". . . the paternal system of German colonial policy was in right direction" (while English and French policies are not)¹¹.

Perhaps even more significant is the recent tendency of editorial comment in the Zeitschrift für

⁸Oertzen, A. V., "Afrikanische Kolonisations probleme", Z.f.G. IV, 1928, pp.62, 71

⁹Gamerote, P. d'A O. di, "Das faschistische Siedlungssysteme in Afrika." Z.f.G. XVIII, 1941, pp. 362-71; Dietzel, K. H., "Imperialismus und Kolonialpolitik", Z.f.G. XVII, 1941, pp. 313-22; Dietzel, K. H., "Imperialismus und Kolonialpolitik, II", Z.f.G. XVII, 1940, pp. 372-76; Hunke, Heinrich, "Volk und Raum in der Wirtschaftspolitischen Neuordnung Europas", Z.f.G. XVII, 1940, pp. 571-75.

¹⁰Hunke, Heinrich, "Volk und Raum in der Wirtschaftspolitischen Neuordnung Europas", Z.f.G. XVII, 1940, pp. 572

¹¹Dietzel, K. H., "Imperialismus und Kolonialpolitik, II", Z.f.G. XVII, 1940, p. 376

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Geopolitik to refer to "Eurafrika, the new Lebensraum."¹² An Italian contributor to the August 1941 issue of the same Zeitschrift discusses at length this concept of Eurafrica - "Africa for Europe and Europe for Africa."¹³ It is noted in this connection that Africa, and particularly tropical Africa, can be valuable as an economic complement of Europe. If developed, its production can make good Europe's shortages of several raw materials--vegetable oils, cocoa, cotton, tropical fruits. Heretofore, it is complained, the exploitation of these resources has served imperial, that is especially British, purposes, rather than the needs of all Europe. Tropical Africa, we are reminded, is a natural economic entity, and the several political and economic systems that have parcelled it out, have served only to hamper the development of its potentialities, much as the multiplicity of states (Kleinstaaten) in pre-Bismarckian days, hindered the full development of German energies. One of the prerequisites for the exploitation of this tropical area is its unification, both political and

¹²Anonymous, "Diesem Heft zum Geleit", Z.f.G., XVII, 1940, pp. 569, 596, 597, 598

¹³Orsini, Paolo D'A., "Die Kolonialfrage und die Neue Ordnung" Z.f.G. XVIII, 1941, pp. 432-40.

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economic¹⁴ (presumably under German auspices). As an economic sphere for Europe, Africa will attain importance "in the near future", we are assured by Barth.¹⁵ No more will "Europe stew in its own juice, shut off from all sources of raw material."¹⁶

C. German Regional Plans for Africa

References by Geopolitik writers to specific parts of Africa are equally alarming.

1) North and West Africa

a) The Short-run View

Geopolitik statements almost always refer to long term objectives, but a notable exception to this appears for North and West Africa. In a noteworthy analytical article published last year Hermann Rockel¹⁷ indicates many good reasons why Germany will take over control of French North and West

¹⁴Der Vierjahresplan, Zeitschrift für nationalsozialistische Wirtschaftspolitik, Sonderausgabe, January, 1941, p. 73

¹⁵Barth, Heinz, "Spanien ist eingeschaltet", Das Reich, Sept. 29, 1940, p. 4

¹⁶Anonymous, "Streiflichter auf den Atlantischen Raum", Z.f.G. XVIII, 1941, p. 285

¹⁷Rockel Hermann, "Dakar das Zentrum der Seestrategischen Stellung Frankreichs an Mittleren Atlantik," Z.f.G., XVII, 1940, pp. 419-26

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Africa as soon as it is able. Rockel very logically points out that since the Mediterranean is now unsafe for shipping, the Cape route is second only to the north Atlantic in its importance to Britain. And Dakar ("an Atlantic Gibraltar--a good U-boat base"), seconded by Casablanca, controls the Cape route. Germany will go a long way toward defeating Britain if it severs the Cape route. ("(If Germany stops traffic) on this second route Britain's fate is sealed.") The intimation therefrom is that Germany will not hesitate to take over the Atlantic part of West Africa as soon as she is ready. Declarations by other responsible men support this suggestion. For instance Admiral Raeder said, over a decade ago: "If ever the Vigo-Canaries-Azores triangle should be constituted and placed under a single military authority, the automatic consequence would be a complete reversal in the European situation and the relations between European countries and all the other continents. . . a reversal in favor of the Power which occupied the points

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of the triangle."¹⁸

Similarly, Rear Admiral Donner in a recent speech points out: "The projecting corner of West Africa is the natural eastern end of a blockade line which enables an extra-European power dominating the Atlantic to make questionable German use of African territory." The United States, Donner declares, is the power most interested in establishing a foothold in West Africa; in fact, it is our logical next step. In his opinion it will be Germany's vital interest, to forestall this eventuality.¹⁹

In another connection Rockel further suggests that Gibraltar's important position be neutralized as much as possible. Casablanca flanks Gibraltar on the Atlantic, while Bizerta and Oran do so on the Mediterranean. In the hands of a power opposed to England they might render Gibraltar nearly useless. To make West Africa even

¹⁸Carter, W. Horsfall, "Spain and the Axis", Foreign Affairs, October 1941, p. 176.

¹⁹Donner, Konteradmiral, "Geographie und Seemacht", Wissen und Wehr, May 1941, p. 153 ff.

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more attractive to the Nazis Rockel also enumerates the sites for good military air bases. Granted German success in Russia, Weygand's days in North Africa would seem limited.

b) The Long-run View

From the long term point of view, the outlook for France in North and West Africa is just as dark. With Germany ruling the world the best it could hope for (as portrayed in Geopolitik) was a free pan-Arab state²⁰ on its opposite Mediterranean shore. But this possibility was probably little more than a diplomatic manoeuvre to create difficulty for France while it was still fighting. Much more likely is outright German domination. While pointing out that France is not fitted, nor does it need to be a colonial power because of its

²⁰Haebler, R. G., "Saudi-Arabien", Z.f.G. XVIII, 1941, pp. 328-34; Leifer, W., "Der Freiheitskampf der Araber", Z.f.G., XVIII, 1940, pp. 65-70; Lindermann, H., "Der Islam in Aufbruch und Angriff", Z.f.G., XVI, 1939, pp. 784-9.

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declining birth rate²¹, Geopolitik writers also note (falsely) that the North Africa economy merely brings a surplus to France, while it would be a very fine complement for the economy of higher middle latitude Germany²². Furthermore, "Who possesses Tunis controls the traffic between eastern and western Mediterranean ports... and also has a position which dominates the Sahara."²³ These facts probably will be much more influential in the final German decision that the fantastic, ill-considered engineering scheme publicized in this country²⁴ of damming all the Mediterranean straits, and making a garden out of the northern Sahara.

²¹ Obst, Erich, "Lebensräume der Weltvölker", Z.f.P., v. 29, 1939, pp. 1-10; Carter, W. Horsfall, "Spain and the Axis", Foreign Affairs, October 1941, p. 176; Gley, Werner, "Frankreich und sein Kolonialreich im Lichte der Bevölkerungswissenschaft", Z.f.G. XVII, 1940, 214-20.

²² Obst, Erich, "Lebensräume der Weltvölker", Z.f.P., v. 29, 1939, p. 5.

²³ Siewert, Wolf, "Frankreichs Stellung in Mittelmeer" Z.f.G., XII, 1935, p. 755

²⁴ Rotschild, Julie, "Germans Plan New Continent of 'Atlantropa'", New York Herald Tribune, Aug. 3, 1941, Sect. 2, p. 3. (This article discusses a project proposed by a certain Hermann Goergel. No evidence has been found or shown that the "geopolitical school" have paid any attention to this, or that he is connected with them.)

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In all discussion of the North African question Italy receives some notice as a partner²⁸, but it is to be observed that, although Italian claims on Tunisia are mentioned, German writers are careful never to stake out any specific claims for Italy in Africa or elsewhere. Italy's prospects thus would seem to be little better in Africa than before the present war.

2) South and East Africa

Although Germans feel that much can be done with north and west Africa their hopes run highest for south and east Africa, which are much more white man's lands. The return of German Southwest Africa to the "motherland" is a foregone certainty, for all Geopolitik writers who mention it do so in the most sentimental fashion. Almost as certain is German domination of the South African Union. For some reason, apparently because they regard the Boers as kinsmen, Geopolitik writers feel that they have a claim on the Union. "The cultural importance of this purely Teutonically

²⁸ Siewert, Wolf, "Italiens Kampf um die Mittelmeerherrschaft", Z.f.G., XII, 1935, pp. 770-81; Wittschell, Leo, "Die Tunesische Frage", Z.F.G., IV, 1927, pp. 1058-63.

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oriented country (Riesenreich) for the future cannot be underestimated."²⁹ "We Germans should be more interested in South Africa than in any other region of settlement in the world, for here German culture and the German way of life can yet take root."³⁰ Appeals and promises thus are addressed to the Boers. "The coming settlement of the Southwest question will be accompanied by a complete understanding between Germans and Boers."³¹ Also "In the immediate interest of the young Europe, the domination of the Afrikaners in South Africa, their position as masters over the black mass, should be strengthened and assured by every possible means."³² No wonder then that "now also is the time on the southern tip of the Black Continent for a cooperative German settlement:

²⁹Oertzen, A. V., "Afrikanische Kolonisationsprobleme", Z.f.G. IV, 1928, pp. 62-71

³⁰Obst, Erich, "Lebensräume der Weltvölker", Z.f.P., v. 29, 1939, p. 65

³¹Eisen, J. V., "Südafrika im Gesamtdeutschen Raum", Z.f.G. XVIII, 1941, p. 273.

³²Gulcher, Edwin, "Weltpolitik von Südafrika aus Geschen", Z.f.G., XVII, 1940, p. 23

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'Adveniat regnum teutonicum',³³

East Africa is to be an extension of this German nucleus in South Africa, for it "certainly has a great future before itself". And "it is to be hoped that in the future Germans will develop this region even more intensively (than during the former occupation)."³⁴

3) The Western Mediterranean

Although German relations with Spain are much more delicate subjects for discussion than plans for Africa, the course recommended by Geopolitik is as clear as the African policy. From 1933 to 1940 the historic principle set forth by Ewald Banse³⁵ was the basis of German-Spanish relations. "Spain is Germany's natural ally against France....and the rise of both powers depends on France's downfall....it must be our first interest to make Spain strong again." In pursuing this policy Germany has constantly sought the establishment of a

³³Eisen, J. V., "Südafrika im Gesamtdeutschen Raum", Z.f.G., XVIII, 1941, p. 273

³⁴Oertzen, A. V., "Afrikanische Kolonisationsprobleme", Z.f.G. IV, 1938, p. 70.

³⁵Banse, Ewald, "Germany Prepares for War", New York, 1934, p. 316

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strongly centralized government in Madrid. Consequently Catalonian demands for autonomy (autonomous Catalonia would be a satellite of France); and the destruction of Spanish democracy were essential. Spain, in German opinion, must be strong enough to develop her proper interest in the Mediterranean, and thereby challenge the French imperial position.³⁶ This policy produced results so gratifying that a German military writer stated in 1939 that Germany could win a war in the Mediterranean with the help of her allies.

Since France in the foreseeable future is not likely to be a serious rival of a finally victorious Germany, we may assume that this motive no longer determines German policy toward Spain. Nevertheless, Germany still treats Spain with consideration. The Zeitschrift für Geopolitik is definitely friendly toward Spain, and its independence and territorial integrity are taken for granted.³⁷ The reason appears to be that Berlin sees Spain as useful to it

³⁶ Metzger, Konrad, "Militärische Mittelmeerfragen", Militär Wochenblatt, 124, 1939, pp. 90-91

³⁷ Haushofer, K., "Spanische Geopolitik" (Review), Z.f.G., XVII, 1940, pp. 395-6

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in the future, and at the same time appreciates the proud and independent nature of the Spanish people.³⁸ Germany has not yet given up using Spain as a cultural decoy for Latin America, as the latest editorial comments prove.³⁹ In recent copies of the Zeitschrift Spain has often been referred to as the motherland of Latin America. To fit Spain for her new role, German writers like Barth seek the development of a new attitude among inhabitants of the peninsula. The Spaniard, complains Barth, has lived too long with his back to his seacoasts; he has been too much of a Castilian. The time has come for him to turn outward to the oceans-- toward the Atlantic as well as toward the Mediterranean.⁴⁰

With this in mind Germany pays lip service to, and may even support the Spanish demand

³⁸ Danse, Ewald, Germany Prepares for War, New York, 1934, p. 357.

³⁹ Vives, Jaime Vicens, "Spanien und die Geopolitische Neuordnung der Welt", Z.f.G., XVIII, 1941, pp. 256-63

⁴⁰ Barth, Heinz, "Spanien ist eingeschaltet", Das Reich, Sept. 29, 1940, p. 4; Idem, "Spaniens historische Mission," Volk und Reich, 1941, No. 2, pp. 77-93

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for the repatriation of Gibraltar.⁴¹ Comments in the Zeitschrift tend to belittle Gibraltar's present importance to present-day warfare, while emphasizing Spanish rule over it as a point of honor. "Gibraltar in foreign hands is a thorn in the heart of Spain, and will always remain so."⁴² Furthermore, the Mediterranean is dangled in front of Spain (as well as Italy) as part of its natural lebensraum.⁴³

Against these statements we have to balance some German commentaries on the importance of Gibraltar, and frequent mention of the importance of Spain as a land bridge to Africa, the connecting link between two parts of the future "Eurafrika"⁴⁴. "Gibraltar is before all part of the great commercial route to India." And "Gibraltar is certainly, and will continue in the future to be the most important key to

⁴¹ Hummel, H. and Siewert, Wulf, Der Mittelmeerraum zur Geopolitik eines Maritimen Grossraums, Heidelberg, 1936.

⁴² Hermann, G., Gibraltar-die Pforte des Mittelmeers, Leipzig, 1938, p. 72

⁴³ Volk und Reich, 1941, no. 2, p. 84.

⁴⁴ Idem, pp. 77, 87.

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the Mediterranean",⁴⁵ With ambitious German plans for Africa it is likely that the Nazis will want to control the Mediterranean sea route as well as the land route. Spain probably will be able to measure its importance in the Mediterranean only in terms of the accuracy with which it toes the German line.

Portugal receives only one reference, but that is sufficient to indicate German attitude toward it. Rockel⁴⁶ notes that it has been a nation friendly to England, and that it has an important strategic position on the Atlantic routes. That was deemed sufficient warning for Portugal.

⁴⁵ Hermann, G., Gibraltar--die Pforte des Mittelmeers, Leipzig, 1938, p. 78. (These views are seconded by information from recent Chilean diplomatic reports--namely, that Germany intends to take Gibraltar this winter as a prelude to a North African campaign. (Central Information Division, Coordinator of Information, Accession #2288.))

⁴⁶ Rockel, Hermann, "Dakar das Zentrum der Geostrategischen Stellung Frankreichs am Mittlaren Atlantik," Z.f.G., XVII, 1940, pp. 419-26.

THE PROBLEM OF VICHY
FORCES AFFECTING THE DISPOSITION OF
PÉTAÏN, DARLAN AND THE NAVY,
WEYGAND AND THE AFRICAN ARMY, NOGUÈS, AND BOISSON

Western European Section

THE PROBLEM OF VICHYSummary and ConclusionA. Metropolitan France

In the confused and confusing situation at Vichy, the disposition of 1. Pétain, 2. Darlan, and 3. certain persons under them is the principal French factor; but this must be considered in the context of the superior physical force of the Germans. Though the Germans, in accordance with their customs, have so far seen fit to employ "peaceful" means in prosecuting their aims in France, their hand may be forced, and the tempo and ruthlessness of their actions increased, by some sudden development.

1. Pétain maintains a strong hold on the French people, and he possesses a few bargaining points; but his policy of gradual concession, conditioned in some measure by a desire to remain on good terms with the United States, may be brought to a sudden end by death or some other cause.
2. Darlan, being an opportunist, is a very uncertain quantity. Much depends on whether or not the reports are true that he has changed his mind concerning the outcome of the war.
3. In case of sudden change in the situation, the typical collaborationists have good chances of surviving.

Conclusion: The Germans, in the short run, will almost certainly get their way, whether by pressure or by force of arms.

3. Vichy and Africa

In Africa, 1. Weygand, 2. Nogués, and 3. Boisson are, though by no means pro-British, strongly anti-German; but, with their weak forces, they are unlikely--with the possible exception of Boisson--to undertake armed resistance.

Conclusion: Here again, the Germans will probably gain their ends by gradual pressure, unless their hand is forced, in which case they will probably engage in a short and decisive armed operation.

THE PROBLEM OF VICHY

The present situation in French Northwest Africa-- and the same is true of French West Africa--is closely interconnected with the situation in "Metropolitan" France. The African regions are, in other and more important senses than the juridical, dependent on the present capital of the French Empire, Vichy.

A. Metropolitan France

With respect to the problem of Vichy, the primary consideration is that of the principal figures involved,--namely, the Head of the French State, Marshal Pétain, his "heir apparent", Admiral Darlan, and certain persons under them.

1. Pétain.(a) Public Regard

The most salient consideration concerning Pétain is the strong hold he has upon the French people. Though reports persist that his prestige has become less,¹ distinction ought undoubtedly to be made between Pétain as a person and certain aspects of his acts and policies. Pétain is without doubt still held in high esteem by his fellow countrymen.

¹N. Y. Office, N.I.D., Current Events #151, Rept. No. 1848, Oct. 22, 1941.

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Pétain, according to a plausible and an apparently trustworthy report², is said to have complained that he is out of touch with public opinion. This complaint doubtless has as its basis an inevitable feeling of loneliness and a consciousness of efforts on the part of some of those surrounding him to build up further his isolation. On the other hand, Pétain probably possesses sound instinct concerning present public feeling. Evidence of his confidence in this respect is to be seen in his appeal to the French people, contrary to strong French traditional sentiment, to accept unquestioningly his words and decisions³. He is said to have been deeply hurt and moved to a bitter outburst when Darlan supported one of his proposals through reference to loss of prestige on the part of the Marshal⁴. In any event, Pétain has undoubtedly strengthened his personal position, as well as had

²Brit. Inf. Services, Letter to Col. Donovan concerning one Reopell.

³v. infra.

⁴F. I. I., Confident. Memo., Sept. 30, 1941.

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occasion to appraise public opinion, by means of ceremonial trips through various parts of the unoccupied zone. The advantages of this procedure were presumably understood by Weygand when he attempted to arrange a visit by Pétain to North Africa⁵. Though it has been said that Darlan approved this trip⁶ and though it has been insisted that no significance attaches to failure of this effort of Weygand's⁷, it seems likely that some of those surrounding Pétain would do what they could to oppose such a move⁸. Finally, evidence of the regard in which Pétain is held personally is to be seen in the unpopularity of attacks on Pétain by General de Gaulle⁹. In France, even persons who are sympathetic with the Free French movement have undoubtedly viewed these attacks with strong disfavour; and friends

⁵Algiers, Secret. Tel., #479, Oct. 1, 1941.

⁶Ibid.

⁷Vichy, Secret Tel., #1206, Oct. 10, 1941.

⁸Algiers, Secret Tel., #492, Oct. 8, 1941.

⁹V., e.g., Naval At., Madrid, Restricted Intel. Rept., March 8, 1941.

everywhere of a free France recognize that the action was mistaken¹⁰.

The regard of the French people for Pétain has been expressed in figures of speech such as that of a drowning man clutching at any support. The hero of Verdun is said to be all that the French have. Certain aspects of his record and of his reputation as a reactionary are not unnaturally forgotten or overlooked, while emphasis is placed on assertions that Pétain is a sincere and honorable man. Like many military figures, he is commonly regarded as a monarchist¹¹. For years before the war, he was known as an advocate of an authoritarian regime as a solution for France's political, social, and economic problems. He was, at the time, almost certainly not sorry to see the end of the Third Republic in France.

¹⁰v. infra.

¹¹Cf. Geneva, Secret Tel., 101, Oct. 31, 1941.

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If, as is undoubtedly true, some persons who were of considerable influence in the country before the defeat of France and who now support collaboration, carried their fascist sympathies so far as literally to prefer defeat by Hitler to continuance of political democracy in France,--nevertheless, no greater mistake can be made than one frequently made in England and this country, to assume that all Frenchmen with authoritarian sympathies and anti-parliamentary views are pro-German. However that may be, Pétain is strongly nationalistic and undoubtedly patriotic. As such, he is, whatever may be his ideological biases, fundamentally anti-German. His connection with collaboration ought to be viewed with that fact as background.

(b) Collaboration

Pétain is commonly said to have accepted the principle of collaboration in a speech which he broadcast to the French people on October 31, 1940. This speech followed by one week the well-known meeting between Pétain and Hitler at Montoire, at

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which a military welcome was accorded to
to Pétain. In the course of his speech as
recorded in the press, Pétain said:

"Collaboration between our two countries
was considered. I accepted the
principle of it. The application will
be discussed later...He who has taken
charge of the destiny of France has
the duty of creating the most favour-
able atmosphere to safeguard the inter-
est of the country. It is with
honour, and to maintain French unity,
a unity of ten centuries, within the
framework of a constructive activity
of the new European order, that I
enter today the path of collaboration.
In the near future, the load of suffer-
ing of our country may thus be light-
ened, the lot of our prisoners improved,
the burden of occupation expenses
lessened, and so the line of demarca-
tion may be rendered more flexible and
the administration and provisioning of
the territory facilitated."

In so far as loss of prestige results
from unpopularity of measures, Pétain has
recognized that he does not possess the
full support of the French people. The
attitude of the people in this respect is
frequently said to be influenced primarily
by the Vichy record on Indo-China¹²; but
this, though involving Japan rather than
Germany, is probably best viewed at part

¹²Cr. M. Y. Office, M.I.D., loc. cit.

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of the somewhat vague and largely unexamined concept of "collaboration". Since opposition to collaboration and opposition to Germany tend to be identified by the French, the overwhelming evidence of an anti-German and an anti-collaborationist attitude on the part of the people is cumulative in its force. It was certainly consciousness of this attitude which caused Pétain, on May 26, 1941, to make his extraordinary appeal¹³:

"For you, the French people, it is simply a question of following me without mental reservations along the path of honour and national interest."

Pétain's position is inevitably conditioned by the basic consideration that France is in so many senses at the mercy of Germany. The unhappy position of France needs no description. It can be appreciated with a little imagination. Pétain has phrased the matter in his well-known reference to being a man with a rope round his neck. If the few bargaining points which France possesses are, in this figure,

¹³ Cf supra.

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reflected in the fact that the breath of life still remains, it is nonetheless true that the rope can at will be pulled tight.

In these conditions, Petain attempts to follow a nicely balanced and consequently difficult course which perhaps ought not to be regarded as mere opportunism. He himself apparently does not regard it as full collaboration. He is reported to have said that his actions are criticized by the collaborationists as well as by the Allies, and that, this being the case, he can swim neither to the one side or the other, but can only "float"¹⁴. Unless this situation is viewed charitably, the impression is gained of a good deal of wavering. Leahy has suggested that Petain is "always inclined to yield to the greatest immediate pressure"¹⁵. Not only could more firmness be imagined in respect of Indo-China, Iraq,¹⁶ Syria, and Russia; examples can likewise be found in internal matters. Thus, for

¹⁴Naval At., Madrid, Confident., #147, Aug. 31, 1941

¹⁵Vichy, Secret Tel., #1225: Sept. 5, 1941

¹⁶Cf. supra.

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example, Pétain is said to be aware of the growing influence of the Banque Worms group but not to oppose it, on the ground that it may possibly serve some useful purpose¹⁷. He is likewise said to have stubbornly opposed the establishment of the Legion as a single party, only to give in at the end¹⁸. A similar attitude seems to be involved in the appointment of Colonel de la Rosque to a relatively unimportant position¹⁹. Other examples, according to report, include the passage of foodstuffs through Tunisia to Libya²⁰ and the surrender of Allied vessels to the Axis²¹.

A charitable view of Pétain's position would see in it maximum firmness on essentials, with reluctant concessions on details. It may be, as had been suggested on allegedly

¹⁷Vichy, Strict. Confident., Air mail, Sept. 2, 1941.

¹⁸F.B.I., Confident. Memo., Sept. 30, 1941.

¹⁹Vichy, Secret Tel., #1257, Oct. 3, 1941.

²⁰Vichy, Secret Tel., #1225, Sept. 25, 1941.

²¹Vichy, Secret Tel., #1241, Sept. 29, 1941.

strong grounds, that Pétain is playing a splendid game²². In this, manifestly only time will tell.

(c) Africa

Though Pétain can scarcely be said to have remained within the terms of the Armistice as reasonably interpreted²³, he in general attempts to adopt these terms as limits for his activities. More particularly, he has been vigorous in his opposition to collaboration in respect of Africa. According to Leahy, Rist, after dining with Pétain and Weygand on October 19, stated that he found them both determined to yield no concessions to the Germans in North Africa²⁴.

(d) American Support

Pétain seems undoubtedly to desire to remain on good terms with the United States. He is reported to think that America has already won the war.²⁵ Though he is said

²²F.B.I., Intercepts, June 18, 1941.

²³Cf. Vichy, Secret Tel., #1241, Sept. 29, 1941.

²⁴Vichy, Secret Tel., #1350, Oct. 20, 1941.

²⁵Naval At., Madrid, Confident., #147, Aug. 31, 1941.

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also to believe that the United States has designs on Africa, he has, according to the same report, ordered Darlan to be especially considerate towards Admiral Leahy²⁶.

Leahy has alluded to Pétain's "continuing firmness". He thinks this is to be attributed to our determination to defeat Germany, to our impressive defense programs, and to Russian resistance²⁸. He reports that as a result of Pétain's firmness, the Germans have interrupted negotiations on collaboration²⁹. According to a report of a conference between Pétain and Boisson, Pétain said that President Roosevelt had expressed the hope in a personal letter to him that he would not permit the Germans to occupy French possessions in North Africa, and that he had given the President the

²⁶Naval At., Madrid, Confident., #147, Aug. 31, 1941.

²⁷Vichy, Secret Tel., #1225, Sept. 25, 1941.

²⁸Ibid.

²⁹Ibid.

desired assurance³⁰. Weygand is reported to have said that no one at Vichy dares to object to the Franco-American economic agreement³¹.

Pétain's attitude towards America is well illustrated by the Rist affair. Leahy reported on the matter on September 26. He stated that Pétain, Darlan, and others recognized that, in spite of German disapproval, Henri-Haye would have ultimately to be removed, if Franco-American relations were to be improved³². A Rist mission to the United States, with a personal greeting from Pétain, would pave the way. The idea was that Rist could be told categorically in Washington what our position is in the matter of North Africa, so that Vichy could get from a source in which it has confidence, an account which would

³⁰Dakar, Secret Tel., #364, Oct. 29, 1941.

³¹Algiers, Secret Tel., #525, Oct. 23, 1941.

³²Vichy, Secret Tel., #1229, Sept. 25, 1941.

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support what Leahy has been reporting and would offset the misleading views transmitted by Henri-Haye³³.

2. Darlan

(a) Opportunism

Darlan's most salient characteristic is asserted on all sides to be his opportunism. This is closely related with his alleged consuming ambition. In any event, his present high position was reached not through active service but through peacetime activity in the French bureaucracy³⁴. He is commonly thought to be anti-British and pro-German. If, in the event of an Allied victory, he can successfully become pro-British and anti-German, he will have strong claim to being the supreme opportunist of all time.

(b) Change of Position

Somewhat persistent reports suggest that Darlan has changed his mind about the

³³Vichy, Secret Tel., #1231, Sept. 27, 1941.

³⁴Cf. N. Y. Herald Trib., Oct. 7, 1941.

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outcome of the war. Thus, Commander Hillenkottter testifies to such a likelihood³⁵. Several other statements support the view that Darlan has become convinced that Germany will not win. For example, on October 3, Admiral Fenard, as well as another member of Weygand's staff, is quoted by Murphy as saying that a profound change had taken place in Darlan's views concerning France's foreign policy and the eventual outcome of the war³⁶. He is said to recognize that he had put his money on the wrong horse and to be greatly embarrassed as to how to change horses³⁷.

A day later, Murphy quotes Weygand as saying that Darlan had undergone a change of mind, with the result that whereas in June Weygand had to oppose Darlan's collaborationist tendencies in North Africa, he now has his support³⁸. A report of

³⁵ O.N.I., F-3, Confident., #152, Oct. 7, 1941.

³⁶ Algiers, Secret Tel., #481, Oct. 3, 1941.

³⁷ Ibid.

³⁸ Vichy, Secret Tel., #1267, Oct. 4, 1941.

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October 20 of this year from Algiers states that the French Admiralty is beginning to cooperate with Weygand.³⁹

If Darlan has changed his mind, reports concerning him become the more difficult properly to interpret. In cases where his skill as an opportunist is sufficient to deceive the reporter, he will still be regarded as the arch-collaborationist. As a result, such reports will neither confirm nor deny one view or the other concerning his conversion. The report that Darlan recognizes the importance of the good will of this country ⁴⁰ would seem on the whole to be more consistent with change on Darlan's part. This is still more the case with reports of German opposition to Darlan, especially in view of earlier reports that Darlan was viewed as at least equally acceptable to the Germans as Laval. A British report of August 6 refers to Darlan's loss of strength and states that German

³⁹Algiers, Secret Tel., #517, Oct. 20, 1941.

⁴⁰Vichy, Secret Tel., # 1231, Sept. 27, 1941.

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pressure is being brought against him with a view to his removal⁴¹. An American report asserts that a request by Darlan for Vichy control of the Paris press was bluntly refused by the Germans.⁴² A report of opposition by Pucheu to Darlan⁴³ ought possibly to be interpreted in the same way. Finally, it is said that Darlan, on his last trip to Paris, had no relations with the Germans⁴⁴. Negotiations with them, it is said, are carried on almost exclusively by Benoist-Mechin⁴⁵.

(c) The French Navy

British reports suggest that they have no doubt but that the French Navy will cooperate with the Germans⁴⁶. This is apparently deduced from the propositions that the Navy sees eye to eye with Darlan,

⁴¹N.I.D., 0064, Situation Rept., No. 6, Aug. 6, 1941.

⁴²F.B.I., Intercepts, June 23, 1941.

⁴³Vichy, Secret Tel., #1242, Sept. 30, 1941.

⁴⁴Vichy, Secret Tel., #1355, Oct. 20, 1941.

⁴⁵Algiers, Secret Tel., #481, Oct. 3, 1941.

⁴⁶N.I.D., CI00, Aug. 26, 1941.

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and that Darlan is irrevocably anti-British and pro-German. It seems probable that the conditions of life and the treatment of French sailors have in fact improved to the point that the situation of the sailors compares favourably with that of the army. No rationing appears to prevail in the navy, and arrears of pay have apparently been met⁴⁷. At the same time, the best view would seem to be that the Navy is highly unlikely to collaborate with the Germans⁴⁸. The majority of the sailors and many officers, especially those of lower ranks, appear to be definitely hostile to collaboration⁴⁹. Opinion is almost unanimous that greatest French resistance to Germany and greatest sympathy for England are to be found in the coastal regions, which are precisely the regions from which the Navy is principally recruited.

⁴⁷N.I.D., 0064, Situation Rept., No. 6, Aug. 6, 1941.

⁴⁸Cf. O.N.I., F-3, Confidential., #152, Oct. 7, 1941.

⁴⁹Cf. ibid.

3. Other Figures in Vichy

A French scientist⁵⁰ has recently written that "there are no 'Men of Vichy'". There are, he says, "only men in Vichy, each trying to give France the kind of orientation that is passionately desired for France by the faction or by the caste which sent them to power". There is certainly considerable justice in this remark. Generalization is correspondingly difficult.

(a) Civil Service

In general, the body of functionaries in France consists of former civil servants "purged" of the most notorious supporters of the Left. To these should be added a certain number of retired army officers and a smaller number of naval officers. Pétain and Darlan have naturally surrounded themselves respectively with such officers; but it would be a mistake to conclude that any far-reaching antagonism exists between the two staffs.

So far as the French administrative system is concerned, two somewhat opposed

⁵⁰Cf. N. Y. Herald Trib., loc. cit.

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tendencies seem to have been manifesting themselves. From force of circumstances, the Prefects have been obliged to take an abnormally large number of decisions on their own responsibility, thus realizing in practice a large degree of that "deconcentration" which the textbooks have so long discussed. In this way, the Departments have tended to become highly autonomous; and the effects of the "purge" have tended to become stultified in cases where the Prefects consult the wishes and welfare of the inhabitants. On the other hand, this tendency has been offset in the Occupied Zone by strong German control and, in the Free Zone, by the establishment of regional Prefects. If, in the latter case, the centralizing intentions of the reform are fully realized, the Germans will have reason to be grateful, in the event that they take over the whole of France.

(b) Collaborators Par Excellence

It is reported that the men who make it most difficult for Pétain to pursue a

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course of firmness are Benoist-Mechin, Pucheu, Lehideux, and Marion⁵¹.

Benoist-Mechin, as has been said, is reported to have been conducting Vichy negotiations with the Germans. This undoubtedly gives him a certain kind of strength. Insistence that an anti-American speech by him reflected only his own views, not that of the Government⁵², is probably accurate.

Various reports suggest that Pucheu may be a man to watch. He is associated with the Banque Worms group, whose influence is said to be growing⁵³. Publication of Pétain's Labour Charter, which smacks no little of fascism, was delayed, Leahy reports, by opposition from Pucheu, who wished to enhance even more the advantages to the capitalist class⁵⁴. Pucheu's basic strength, however, comes from his

⁵¹Algiers, Secret Tel., #481, Oct. 3, 1941.

⁵²Vichy, Secret Tel., #1239, Sept. 29, 1941.

⁵³Vichy, Strictly Confident., Air Mail, Sept. 2, 1941.

⁵⁴Vichy, Secret Tel., #1393, Oct. 29, 1941.

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connection with the police. A recent report asserts that under his orders the number of police in Paris was increased from 23,000 to about 45,000, with indiscriminate arrest as the trend.⁵⁵

CONCLUSION: The situation in Vichy is clearly a highly confused and confusing one. At the same time, British reports⁵⁶ of discord and dissension are, though supported to some extent by testimony from Weygand⁵⁷, probably exaggerated. On the whole, the Germans are likely in the short run to get their way. What that way will be would seem to depend on many uncertain circumstances. The Germans frequently move, especially when they are occupied elsewhere as in Russia at present, slowly and persistently in the effort to gain their ends by "peaceful" means; but where some event, perhaps unforeseeable, forces their hand, they strike swiftly and ruthlessly.

⁵⁵ Vichy, Secret Tel., #1285, Oct. 9, 1941.

⁵⁶ Cf., c.G., N.I.D., 0977, Situation Rept., No. 3, June 21, 1941.

⁵⁷ Cf. Algiers, Secret Tel., #523, Oct. 22, 1941.

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Pétain's position has considerable strength. He may be able to continue his policy of gradual concession; but he is an old man, and death or some other cause may remove him suddenly from the scene. Darlan's opportunism makes him a very uncertain quantity. If he has really undergone a change of heart, the Germans are not likely to remain unaware of it, in which case his days are almost certainly numbered. Thorough going collaborationists seem to have the best chance of survival if a crisis develops quickly. Otherwise, the present Government may weather the storm for a time longer. The result, in the absence of fundamental change in the military situation, will be basically the same whether the tempo is slower or quicker, whether the end be called collaboration or some other name.

B. Vichy and Africa

The situation in French Africa and its inter-relationship with the situation in Vichy are conditioned in a fundamental way by the chief figures in Africa. The principal person is of course Weygand. Of lesser importance are Nogues and Boisson.

1. Weygand

(a) General Attitude

Weygand is what the French call a "cas à part". He has said of himself that he and his army constitute the last trump that France possesses⁵⁸.

One statement of Weygand's general attitude describes him as equally opposed to two extremes,--namely, close collaboration with the Germans and support of de Gaulle and the British. He is also regarded as being very anti-Soviet. His hostility to the Germans, to which may be added an anti-Italian sentiment, emanates from his present feelings as a French patriot. These hostile feelings appear to outweigh the strength of his feeling against de Gaulle, the British, and Russia. Weygand is, for whatever reason, apparently pro-American.

Since the Armistice, Weygand has in his public utterances made some exceedingly bitter remarks about the British. Since these are of record, little relevance attaches to the query whether Weygand may be consciously or unconsciously influenced

⁵⁸O.N.I., F-2, Confidential., #152, Oct. 7, 1941.

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by his mistaken guess, at the time of the collapse of France, concerning British power of resistance. The Free French apparently conceive that Weygand's position is to be defined largely in terms of his attitude towards the British. The Free French Intelligence Service claims that they have information direct from Weygand establishing his strong anti-British feeling and his determination to prevent at all costs the British from getting a foothold in North Africa. They assert that he refuses to entertain the possibility that the British may be victorious. He believes, they say, that the British will not be beaten, but will become so exhausted as no longer to be able to continue the war. Weygand, according to the Free French account, thinks that at this point Britain will merely "disinterest herself in European affairs"⁵⁹. The French journalist, Pierre Lyautey, whose reports should probably be accepted with some caution, stated in September that Weygand expected

⁵⁹Naval At., London, Confident., Aug. 19, 1941.

in the near future a British attack⁶⁰. On the whole, such an attack seems somewhat less likely than that Weygand will join the British. In any event, Pierre Lyautey states that if the British were in Tripoli in great force and should menace by sea Bizerta or Casablanca, Weygand, with proper handling, might go over to the British, declaring his independence of Vichy⁶¹.

One relatively reliable source suggests that all officers in North Africa are potential de Gaulle men, by whom it is generally assumed that should the British and Free French get a foothold in North Africa, Weygand would take over command⁶². Because of this, Weygand is said to have got some hundred de Gaulle adherents into his own camp by having them released from prison and preaching patience to them, making them understand, though he does not commit himself,

⁶⁰Naval At., Madrid, Confident., Sept. 2, 1941. (#5149)

⁶¹Naval At., Madrid, Confident., Aug. 31, 1941.

⁶²Naval At., Madrid, Intel. Rept., May 8, 1941, of conference with Joseph D. Ravotto, U. P. Correspondent, just back from visit to North Africa.

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that the right hour will strike at a future date⁶³.

There appears to be no doubt but that Weygand distinguishes, as suggested by a highly competent American military observer, between de Gaulle and the Free French movement. However, Weygand's hostility does not extend to all Free French leaders. Though he would, as the above-mentioned observer further suggests, possibly shoot de Gaulle as a traitor, he is nevertheless in communication with General Catroux, towards whom Weygand has kindly feelings⁶⁴. In January of this year, General Catroux, in writing to General de Gaulle and to the British Foreign Secretary, asserted that he was convinced Weygand would take no action that would injure the Allied cause and that, more especially, he would be glad to see the Free French fight against Italy⁶⁵.

⁶³Ibid.

⁶⁴Cairo, #2346, Feb. 14, 1941. Also, materials in files of Free French in Washington.

⁶⁵Letters in files of Free French in Washington.

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There is a report from a different source to the effect that a certain Comte de Rose is at the same time an undercover representative of de Gaulle and in the confidence of French officials in Morocco⁶⁶. According to Leahy, Weygand has been pressed by the Germans, so far of course without success, to attempt to reconquer the French African colonies held by the Free French⁶⁷. Commander Hillenkoetter reports that Weygand has asserted his determination never to consent to such an undertaking⁶⁸. Murphy reports an assertion by Weygand to the same effect.⁶⁹ In general, Weygand has consistently lamented fratricidal war of any kind on the part of the French. More particularly, he is said to have been very bitter about the Syrian campaign. However, Murphy, on seeing Weygand about October 1 of this year, found him in a confident mood,

⁶⁶Private interview

⁶⁷Vichy, Secret Tel., #1225, Sept. 25, 1941.

⁶⁸C.N.I., F-3, Confident., #152, Oct. 7, 1941.

⁶⁹Vichy, Secret Tel., #1267, Oct. 4, 1941.

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with his bitterness over Syria gone⁷⁰. Nevertheless, propaganda efforts in respect of North Africa which attempt to create pro-de Gaulle sentiment would seem to tread on dangerous ground⁷¹; and Weygand has had occasion to enter a mild protest in this regard⁷².

Weygand, in spite of his anti-Soviet bias, was recently represented as pleased with the situation in Russia. This probably has reference to the diversion of German strength rather than to any belief in ultimate Russian military victory. Another report from the same source states the matter by saying that Weygand believes Moscow will hold out for a long time⁷³.

Eloquent testimony to Weygand's resistance to the Germans⁷⁴ is to be found in German hostility to Weygand. A British

⁷⁰Ibid.

⁷¹Secret Propaganda Plan for French North Africa (Appendix A to French Plan).

⁷²Algiers, Secret Tel., #555, Oct. 31, 1941.

⁷³Algiers, Secret Tel., #525, Oct. 23, 1941.

⁷⁴Vichy, Secret Tel., #1231, Sept. 27, 1941.

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report states that Germany has made serious complaints against Weygand⁷⁵; and an American report suggests that the Nazis are anxious to see Weygand replaced by Dentz⁷⁶. For his part, Weygand is, according to another report⁷⁷, disgusted by the Nazi brutality displayed in the matter of reprisals. So far as the Italians are concerned, Weygand is reported recently to have given them categorical warnings not to land planes in Tunisia⁷⁸.

Weygand's pro-American attitude appears to be somewhat complex. Suggestions have been made that Weygand and his staff were at one time hopeful of American military intervention in Africa, though they are said subsequently to have become somewhat discouraged in this hope, and similar suggestions have been made recently that Weygand would welcome American armed assistance.

⁷⁵N.I.D., 0064 Situation Rept., No. 6, Aug. 6, 1941.

⁷⁶Geneva, Secret Tel., #101, Oct. 31, 1941.

⁷⁷Algiers, loc. cit.

⁷⁸Ibid.

He is also said at one time to have believed that America, on the assumption of a negotiated peace following British exhaustion⁷⁹, would exercise great influence on the final terms and that this constitutes a good reason for standing in with the United States. If this represents his view, he will doubtless find that America's support to France will be forthcoming only on condition that France herself displays some stiffness of attitude⁸⁰. At all events, Weygand naturally approves fully of the economic agreement. In spite of some hint of violation of its terms⁸¹, Weygand's desire to remain on good terms with the United States will certainly stiffen his resistance. For example, when, according to Murphy, Weygand recently refused to permit delivery of from 3000 to 5000 tons of cobalt ore to a Japanese company, the motive suggested was that of fear of adversely affecting American

⁷⁹Cf. supra.

⁸⁰Cf. Secret Tel. to Vichy, #817, Nov. 3, 1941.

⁸¹Cf. Secret Tel., to Murphy, #280, Oct. 21, 1941.

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opinion⁸²; and Weygand has used his influence with Vichy to gain consent for proposals emanating from this country⁸³. Finally, Weygand is reported thoroughly to approve the plan to send Rist to Washington⁸⁴.

(b) Collaboration

There is considerable evidence strongly testifying to the fact that Weygand is opposed to collaboration. No suggestion has appeared that he has collaborated or that he would collaborate.

Rist included Weygand with Pétain in his judgment that no concessions would be granted to the Germans in Africa⁸⁵. As a matter of fact, Weygand is probably more vigorous than Petain in his opposition. Indeed, a Vichy official asserted, shortly before the Rist dinner, that only the voice of Weygand is raised against the collaborationist

⁸²Vichy, Secret Tel., #1267, Oct. 4, 1941.

⁸³Algiers, Secret Tel., #473, Sept. 25, 1941.

⁸⁴Algiers, Secret Tel., #525, Oct. 23, 1941.

⁸⁵Cf. supra, and Vichy, Secret Tel., #1350, Oct. 20, 1941

trend.⁸⁶ Even the British recognize Weygand's hostility to the Germans and collaboration⁸⁷. An American observer "just returned from Casablanca, where he was either first or second in command in our office", is of opinion that "Weygand's collaboration with the Germans is unthinkable".⁸⁸ According to Murphy, Weygand recently secured the reduction of an undertaking made in Vichy, without consultation with Weygand, to furnish the Axis in Libya 40,000 to 50,000 tons of wheat. A reduction to 8000 tons was made on Weygand's argument that France lacked transport facilities, that crops were short, and that there was danger of famine in North Africa⁸⁹. Again, Weygand, according to Murphy, recently refused flatly to accept a German proposal, made through Vichy, which asked permission to allow the distribution of an illustrated

⁸⁶Vichy, Secret Tel., #1340, Oct. 17, 1941.

⁸⁷N.I.D., 0100, Aug. 26, 1941.

⁸⁸Personal interview.

⁸⁹Vichy, Secret Tel., #1267, Oct. 4, 1941.

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publication, printed in French and Arabic concerning German military strength⁹⁰.

Finally, Commander Hillenkoetter asserts that Weygand's army will never be found fighting on the side of the Germans.⁹¹

(c) Ports

The question of the North African ports is a crucial one. It is correspondingly difficult and confusing. The Germans, in bringing pressure in an effort to secure one or more of the ports, seem to be following their usual practice of avoiding, if possible, the clear joining of the issue. French resistance has been not inconsiderable; but in the end, the Germans have a good chance, unless their hand is forced, of gaining their end without being technically guilty of flagrant aggression.

A report persists that, on August 11 of this year, Vichy agreed to the German demands on the North African ports. In one form, the report suggests, somewhat

⁹⁰Algiers, Secret Tel., #504, Oct. 14, 1941.

⁹¹O.N.I., F-3, Confident., #152, Oct. 7, 1941.

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plausibly, that a compromise agreement was made. However this may be, a report on the matter by Lyautey is not inconsistent. According to him, Darlan actually signed an agreement with the Germans to turn over to them as bases Bizerta, Casablanca, and Dakar; but Pétain is said to have refused point blank to acknowledge the agreement and to have annuled it⁹².

There is evidence that Weygand has been firm in his resistance to pressure concerning German use of Bizerta and other bases in Africa, though the pressure is said to have become stronger because of British damage to Tripoli and to Benghazi. Weygand is said to have threatened to resign several times on the issue⁹³.

Evidence that the Germans will gain their ends by indirection is to be seen in the matter of the establishment of consulates in North Africa, other than in Tunisia. An American report of October 13 of this year prophesied that Vichy would yield on the

⁹²Naval At., Madrid, Confident., Aug. 31, 1941.

⁹³Naval At., Vichy, Confident., Aug. 20, 1941.

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question of a German consulate at Algiers⁹⁴. Three days later, a similar report stated that Weygand was not consenting but that he was being kept in the dark in the matter⁹⁵; and a subsequent report testified to Roguès's opposition⁹⁶. On October 23, Weygand was constrained to admit that the Germans would have the consulates⁹⁷. Murphy admits that this gives the Germans a serious entering wedge; and he is doubtless reflecting Weygand's apologia when he observes that German pressure was yielded to only after seven months of dilatory treatment by Vichy of the Germans⁹⁸. The persistent nature of German pressure is evidenced by a report that already the Germans are pressing for full consular rights and even for their former extraterritorial rights⁹⁹.

⁹⁴Vichy, Secret Tel., #1306, Oct. 13, 1941.

⁹⁵Algiers, Secret Tel., #512, Oct. 16, 1941.

⁹⁶Casablanca, Secret Tel., #569, Oct. 29, 1941.

⁹⁷Algiers, Secret Tel., #525, Oct. 23, 1941.

⁹⁸Algiers, Secret Tel., #539, Oct. 28, 1941.

⁹⁹Casablanca, Secret Tel., #500, Nov. 2, 1941.

(d) Active Resistance

From Weygand's somewhat stiff position on collaboration there cannot be deduced the likelihood that he will resist Germany with force of arms. The situation has been well summarized by a highly competent American military observer, who says that Weygand has little will to resist and no military equipment with which to do so. The latter consideration is naturally all-important.

Weygand has of course said that he will defend Africa against any aggressor. Murphy reports that, at the beginning of October of this year, Weygand asserted to him with emphasis that this intention to defend North Africa against the Germans had changed in no way¹⁰⁰. Lyautey reports that Weygand's theme is, has been, and will be "we will resist the aggressor no matter who he may be"¹⁰¹.

¹⁰⁰Vichy, Secret Tel., #1267, Oct. 4, 1941.

¹⁰¹Naval At., Madrid, Confident., Sept. 2, 1941 (#5149)

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Statements of this kind by Weygand are almost certainly merely for effect. However, Admiral Leahy, in a definition of his concept of our policy, suggests that it is "based on the view that when the time comes for decision Weygand may be moved to resist the Germans"¹⁰². Murphy likewise gives it as his opinion that if the Axis undertakes aggressive action in French Africa, the French will take up arms. He adds that this will be more certain if the United States gives prompt military support¹⁰³. This view is based on the supposition, generally accepted in the summer of 1941, that the German occupation of North Africa will take place by sudden aggression and not by slow diplomatic pressure.

The Free French, while recognizing Weygand's opposition to collaboration, do not think that Weygand will actively resist Germany. They are probably psychologically sound in their somewhat biased judgment

¹⁰²vichy, Secret Tel., #1225, Sept. 25, 1941.

¹⁰³vichy, Secret Tel., #1267, Oct. 4, 1941.

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that Weygand will find it hard to fight on the side of Britain in view of the fact that he, unlike de Gaulle, has been proved wrong in his judgment concerning British resistance. They say he has not the courage to admit his mistake in this¹⁰⁴. They stress his old age and his lack of "goût de risque".¹⁰⁵

There can be little doubt but that the view is correct which suggests that Weygand is unlikely to fight. Being aware of his small and ill-equipped forces, he will not, as a military man, attempt resistance against hopeless odds; and his age and temperament make this decision doubly reasonable. The general condition for his fighting would be strong likelihood of winning. This means that he would need considerable equipment for his own forces, as well as help from forces likely to prove superior to the Germans. According to letters written in January of this year from Catroux to de Gaulle

¹⁰⁴ Cf. letter of de Gaulle in Free French files in Washington.

¹⁰⁵ Cf. ibid.

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and to the British Foreign Secretary, Weygand was convinced that operations would have to be resumed at some future date if certain conditions should be met. These, it was said, included adequate anti-aircraft and anti-tank guns for Weygand and assurance of quick victory, in view of his conviction that the native populations of North Africa would not endure a war for more than six months¹⁰⁶. On the other hand, according to the Free French Intelligence Service, Weygand intimated to an emissary of Catroux that if acceptance of collaboration by Vichy should precede attack, he would enter a last protest and withdraw, arguing that he is an old and broken man.¹⁰⁷

(e) Relations With Vichy

According to the Free French, Weygand will never oppose Vichy. They stress the fact that he obeys Darlan even though exceedingly hostile to him; and they somewhat illogically suggest that this proves Weygand is more hostile to de Gaulle and Great

¹⁰⁶Cf. letter of de Gaulle in Free French files in Washington.

¹⁰⁷Naval At., London, Confident., Aug. 19, 1941.

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Britain than to Darlan. Weygand's protests to Vichy, the Free French assert he has said, are made because he thinks it his duty to protest, this action easing his conscience and relieving him of responsibility¹⁰⁸.

A Military Attaché report from Tangier¹⁰⁹ states that Weygand, in a talk to his officers, tried to dispel any misapprehension about his loyalty to Pétain. He is said to have made it clear that there existed no tacit approval of the de Gaulle movement either by himself or by Pétain. The need for this talk possibly has a small amount of significance.

It is probably true that Weygand, as a military man, will normally obey his superiors. For a time, this meant only that he would be obligated to obey Pétain; but, as has been seen, he has more recently been subject to orders from Darlan as well. His obedience may still reasonably be

¹⁰⁸Naval At., London, Confident., Aug. 19, 1941.

¹⁰⁹Aug. 16, 1941.

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assumed. This is true in spite of the fact that, as Murphy reported in October of this year, Weygand has been greatly irritated at the development of his relations with Vichy¹¹⁰. This irritation is easily understandable. He cannot, as a distinguished general, relish his position as a subordinate of Admiral Darlan. Nor can he approve of the addition to his staff of Darlan's agent, Admiral Fenard¹¹¹. Weygand's title as Delegate General can scarcely compensate in his eyes for his being deprived of military command. The suggestion that appointment of Huntziger to command of the North African forces represented no real change in the situation¹¹² is hardly convincing. The suggestion that Huntziger was sent by Pétain in order to gain time in withstanding pressure from the Germans¹¹³ was unlikely to impress Weygand, whose

¹¹⁰Algiers, Secret Tel., #492, Oct. 8, 1941.

¹¹¹Cf. supra.

¹¹²Algiers, Secret Tel., #525, Oct. 23, 1941.

¹¹³Geneva, Secret Tel., #101, Oct. 31, 1941.

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relations with Luntzinger were said to be very bad. Weygand's statement that he fully approved appointment of Juin, Koeltz, and Delattre-Detassigny because of his conviction that they were anti-collaborationist¹¹⁴ ought probably to be received with some caution.

Suggestions that Weygand's position, since his recent visit to Vichy, remains satisfactory leave the impression of over-protesting. Near the end of October, Weygand's aide assured Cole that Weygand's position was intact¹¹⁵; and, a day later, Murphy was told by Weygand himself that his position was in no way changed¹¹⁶. About a week later, Murphy's report admits that Weygand was "under heavy fire" during his Vichy trip¹¹⁷. Weygand, he says,

¹¹⁴Vichy, Secret Tel., #1267, Oct. 4, 1941.

¹¹⁵Algiers, Secret Tel., #523, Oct. 22, 1941.

¹¹⁶Algiers, Secret Tel., #525, Oct. 23, 1941.

¹¹⁷Algiers, Secret Tel., #544, Oct. 29, 1941.

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recognizes that his position is difficult but hopes to be able to withstand the pressure¹¹³.

The existence of a feud between Weygand and Darlan has been generally accepted. On the other hand, somewhat persistent reports suggest, as has been seen, that Darlan has changed his mind about the outcome of the war, believing now that Germany cannot win. If this is true, relations between Darlan and Weygand can naturally be expected to rest on a different basis.

It is commonly said that Weygand would cut loose from Vichy if the Germans should take over all of France. This promise is usually not examined very far. It is difficult to see how Weygand would thereby be in a better position to resist the Germans by force of arms.

2. Nogués.

Nogués's position is in some ways analogous to that of Weygand. Hope has been placed in his disposition to resist collaboration with Germany; and, for this or some other reason, he has been relieved of military command.

¹¹³Algiers, Secret Tel., #544, Oct. 29, 1941.

At the time that the Free French hoped to get possession of all French colonies, they saw Noguès as holding the key to the situation. They thought that if he had joined Free France, the whole Empire would have done so. It is suggested that Noguès was unwilling to be under the command of de Gaulle, a man of lesser army rank than himself¹¹⁹.

Noguès is said to be inclined to temporize and to be conciliatory, evading a definite stand where possible. It is said that this explains the colourless character of the officials in Morocco.¹²⁰

Noguès, upon being deprived of his military command, remained as Resident General of Morocco. He is said to have engaged in intrigue with Darlan with a view to undermining the position of Weygand¹²¹.

Noguès is apparently anti-British. He, however, is almost certainly strongly anti-German. His position on either side would scarcely be of great moment; but his support is well worth having.

¹¹⁹Military At., London (R. S.-2567-1-314), May 20, 1941.

¹²⁰Private interview.

¹²¹Ibid.

3. Boisson

Governor General Boisson of the much discussed Dakar and French West Africa is a careerist in the French colonial service. He is by training prone to obey his superiors. After wavering somewhat at the time of the Armistice, he determined in the end that his loyalty belonged to Vichy. He gave this as his reason for opposing the British and Free French in September of 1940, for which action he was officially praised and decorated by Vichy.

Boisson has vigorously asserted that he will oppose anyone who attacks Dakar¹²². He likewise insists that he has the gold of the Bank of France safe under his protection¹²³. The port of Dakar is apparently being made progressively stronger under Boisson¹²⁴. He alleges that he fears attack by the United States¹²⁵; but he favours extension to West Africa of the Franco-American economic agreement¹²⁶.

¹²²Dakar, Secret Tel., #364, Oct. 29, 1941.

¹²³Dakar, Secret Tel., #343, Oct. 5, 1941.

¹²⁴N.I.D., 0064 Situation Rept., No. 6, Aug. 6, 1941.

¹²⁵Dakar, Secret Tel., #364, Oct. 29, 1941.

¹²⁶Dakar, Secret Tel., #344, Oct. 6, 1941.

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One report states that Boisson would disobey Weygand if instructed to collaborate with the British,¹²⁷ and another asserts that he would resign if Weygand should be dismissed¹²⁸. Boisson has said that he would not allow the Germans to enter Dakar¹²⁹; but a plausible suggestion points out that the Germans might gain their end by securing his removal.

Boisson, according to report, believes that the war will end through a negotiated peace¹³⁰.

CONCLUSION: Weygand, with whom may be associated for practical purposes Mognès and Boisson, is beyond reasonable doubt definitely opposed to collaboration with Germany. At the present time, he is, as a French patriot, anti-German and anti-Italian. There is no evidence that he has approved any action that would go beyond strict adherence to the terms of the Armistice. There is some indication that he has opposed action clearly within the terms.

¹²⁷Private interview.

¹²⁸Vichy, Secret Tol., #1231, Sept. 27, 1941.

¹²⁹N.I.D., loc. cit.

¹³⁰Dakar, Secret Tol., #364, Oct. 29, 1941.

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Whether or not Woygand would carry resistance to the point of again taking up arms is a much more difficult question. There are certainly imaginable circumstances in which he would do so, and others in which he would not. The Germans doubtless know this. In general, it would be a mistake, in attempting to anticipate possible and probable concatenations of circumstances, to assume that Woygand will be faced with a clear-cut situation. The Germans will almost certainly see to this. Hence, of the possible actions for Woygand--armed resistance, submission, and resignation--either of the two latter appears more probable than the first.

THE GERMAN POLITICAL AND ECONOMIC
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PROBLEM IN IBERIASummary and ConclusionA. Spain

- 1) Spanish Foreign Policy. Since the outbreak of the present war Spain has followed a policy of non-belligerency. The people of Spain wish to be left alone; they would resent the passage of German troops through Spain. Franco and the Falangist leaders on the other hand have appeared definitely predisposed to the Axis and would grant passage through Spain under threat of force; they might even actively collaborate if the Germans promised food, petroleum products, and large colonial rewards.
- 2) The economic situation in Spain is desperate. If the Germans pass through Spain, Spain will lose all her current imports. Without food and petroleum products from the outside there is likelihood of internal turmoil discreditable to the "new order." Such a situation would not be to Germany's advantage, and therefore, as a possible price of passage, the Germans would feel obligated to make up the loss in imports.
- 3) Whereas the political situation in Spain is not harmonious, there is no reason to expect a recrudescence of revolution, nor is there reason to believe that German occupation would precipitate significant political disturbances.

B. Portugal

A German passage through Spain almost automatically implies German control of Portugal. It is doubtful if Portugal would put up even token resistance. The economic situation in Portugal is not yet critical, and an occupation would not put the Germans under the same immediate responsibilities as in Spain.

C. Costs of a German Occupation

The Costs of a German occupation of Iberia may be summarized:

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- 1) Costs of maintaining a minimal force of occupation.
 - 2) Necessity of bolstering the Spanish economy, and in the future, perhaps the Portuguese.
 - 3) Loss of Spain and Portugal as entrepôts for German trade.
 - 4) Loss of Lisbon as an observation and espionage center.
- D. Conclusion: The Germans can occupy Iberia whenever ready to move against French Morocco. The costs will be small in terms of the stake.

THE GERMAN POLITICAL AND ECONOMIC
PROBLEM IN IBERIA

A. Spain

1) Spain's Foreign Policy:

The German conquest of French North Africa is expected to take the form of a pincer movement, one arm of which will move south from France through Spain. In taking this step the Germans must face the usual difficulties of a considerable transit and in this particular case must be willing to accept unusual responsibilities and costs which proceed from the special situation in Spain.

Spain has followed the policy of non-belligerency for good reason. The revolution and the subsequent economic and political weakness have made any military effort virtually impossible. To stay out of the present war has become the policy which the Spanish have been forced to follow. Franco himself has shared this view. Several reports indicate that in April 1941 the Germans put strong pressure upon Spain to enter the war on their side, or if not to enter, at least to grant a right-of-way to a German force. Franco resisted, though it is reported that he agreed to enter the war if Germany should capture the Suez Canal. The Germans are reported to have exerted

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similar pressure in August with the same negative results.¹

Admiral Moreno told the United States Naval Attaché that Spain's only desire was to be left alone and to be able to remain in her present state of neutrality.²

No matter how vigorously Spanish leaders and the Spanish people protest their desire for independence there is however little evidence to indicate that they would oppose a German entrance into Spain by force. Spain is totally unable to resist the force which the Germans would use and Spanish acquiescence to the German transit would be given in advance of any German move by virtue of a threat backed up by armed superiority. The Spanish army, numbering between five hundred thousand and five hundred fifty thousand men³, is neither well-fed nor well-equipped. Its disposition in the south of Spain, with about one-third of its forces stationed in Spanish Morocco, precludes the possibility of any effective defense of the country.

¹NID Situation Report, August 11, 1941; Accession 2583, "Q"

²Naval Attaché, Madrid, August 20, 1941

³Naval Attaché, Madrid, September 17, 1941, quoting two British estimates

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The likelihood of Spain's taking positive action against Germany is slim, for the country is being given large quantities of German propaganda and the whole philosophy of the Franco regime is naturally pro-Axis. A German-Spanish agreement for the exchange of workers was signed during the late summer of 1941. A Spanish "Blue Legion" has been recruited for the Russian campaign, though hatred of Russia might have been more important in this enterprise than love for Germany.

Franco, Serrano Suñer, and most of the principals in the government have made at one time or another strong pro-Axis pronouncements, and although the British report that Franco's pro-Axis speech in July 1941 disgusted many people and angered some of the Generals, pro-Axis statements continue to be made. A competent observer, however, stated that he was not entirely convinced that such oratory represented the true feelings of Franco and Serrano Suñer. For, he points out, the Spanish leaders dare not say anything favorable toward the democracies lest it cause an immediate German occupation of Spain. Except for this possible reservation the existing evidence indicates that the Franco regime is strongly biased in favor of Germany and will do all that it can safely do to help Hitler win the war.

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The Germans are in a strong position to play to the imperialist ambitions of the Franco government. In the last year or so the Falangist party has made a point of stating its rights to Gibraltar and French Morocco. Inscriptions have appeared on Madrid buildings calling for Casablanca, Fez, Oran and Algiers. There is even some discussion in Falangist circles of Spain's controlling all of Africa lying west of a line drawn between Oran and Capetown.⁴ It is manifestly ridiculous for the Spanish to seek British or French help in realizing these ambitions. Germany is the power which, on paper at least, is willing to make the greatest concessions. It should be remembered, however, that within the vague outline of German geopolitical theory there is the vision of a German-Spanish control of Northwest and West Africa. Within the German scheme Spain will be a servant state which in turn would have a large share in the administration of Northwest and West Africa. This would permit the Germans to use Spain as an intermediary in their development of commercial relations with Latin America. At the present moment there is a tendency amongst Spaniards to close their eyes to the dubious benefits of holding an empire for German

⁴New York Times, June 12, 1941

use, and a willingness to be unreasonably enthusiastic over the hope of re-establishing their past glory.⁵

The above summarizes the main reasons for Spanish willingness to permit a German passage through Spain, but in any calculations, either German or Spanish, the internal economic and political situation of Spain will demand serious consideration by both parties.

2. The Economic Situation in Spain and Spanish Morocco.

The situation which is likely to cause the Germans the greatest amount of concern is largely economic in nature. Spain, devastated by the Civil War is on the verge of economic collapse. Indebted to Germany⁶ and Italy for their assistance during the Civil War, and indebted to other states for unpaid imports, Spain is at the same time struggling to meet desperate shortages in her internal economy. The shortages of first importance are those of food, gasoline, and lubricating oils. To a lesser degree the want of

⁵See Supporting Study: Germany's "Eurafrican" Objectives.....

⁶Commercial Attaché, Madrid, September 8, 1941, refers to German credits in Spain of 100,000,000 marks.

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rubber, tin plate, hides, and raw cotton is critical.⁷ In October there was, however, a stock pile of some two hundred twenty-four thousand bales of cotton--an amount calculated to occupy Spanish mills until January 1, 1942.⁸

The Spanish food supply is now rigorously rationed and there is grave concern in government circles lest this winter's wheat supply fall short of the quantity demanded by the now-operating rationing system. It has been computed that a full grain supply allows a per capita consumption of one hundred fifty-seven kilos per annum. At present the per capita allotment has been reduced to ninety to ninety-two kilos, an amount which must again be reduced if the present crop prognoses prove correct.⁹ According to these the expected shortage will be between three and five hundred thousand tons (between ten and sixteen per cent of the expected total harvest).¹⁰ Rice is being rationed in the Valencia region.¹¹

⁷See reports of U.S. agents in Spain and Spanish territory, notably Accessions 2170 and 3082; telegrams of Ambassador Waddell.

⁸U.S. Consul General, Barcelona, October 3, 1941

⁹Commercial Attaché, Madrid, September 19, 1941

¹⁰Commercial Attaché, Madrid, August 30, September 19, 1941

¹¹U.S. Consulate, Valencia, September 26, 1941

Although the 1941 yield is better than that of 1940, the prospects are nevertheless disappointing, and, owing to a shortage of fertilizers, the outlook for 1942 is little better. Every recent report has confirmed Spain's need for more food: the papal nuncio after traveling throughout the country expressed his grave concern to Ambassador Weddell on October 7, 1941; a well-informed citizen of Málaga has described the hard conditions of life in his city;¹² Colonel Crockett, Chief of the American Red Cross Mission, who visited Seville province in February 1941, found that thousands were starving, that there was insufficient milk for ten thousand children; practically all news reports from Spain note scarcity of staples and exceedingly high prices. It is, however, the opinion of one well informed reporter that starvation is by no means general. There are areas of the country which are able to produce small surpluses, which if nationally distributed would considerably alleviate the present situation.

The problem of distribution thus becomes a crucial one in meeting the food shortage. But

¹²Commercial Attaché, Málaga, July 30, 1941, enclosed this document in one of his reports to the State Department.

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the problem of distribution seems beyond immediate solution. As noted above, there is a shortage of high grade petroleum products which is being met by drastic rationing. No gasoline cards are issued to taxicab owners or owners of private touring cars whose vehicles are rated above eighteen horsepower. Owners whose cars are thus put out of circulation have been obliged to store them during the first week of September and make known the place of storage so that government inspectors can assure themselves that the cars are actually out of use. The ration for official cars has been reduced another twenty-five per cent.¹³

These restrictions were necessitated by the fact that Spain's already limited consumption was exceeding stores on hand and imports. On July 1 there were forty-three thousand tons of gasoline on hand, and between July 1 and August 19 Spain was able to import twenty-one thousand six hundred tons from the United States and Tenorife. With a restricted monthly consumption of twenty-five thousand tons the gasoline supply was barely enough to suffice.¹⁴ Rubber for automobile tires is all but unprocureable.¹⁵

¹³Commercial Attaché, Madrid, August 18, 1941.

¹⁴Naval Attaché, Madrid, August 20, 1941.

¹⁵Commercial Attaché, Madrid, August 18, 1941.

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The Spanish railroads, in turn, are in a desperate condition of disrepair, largely because of the lack of high grade lubricants. They are operating at an estimated efficiency of forty per cent; the paucity of passenger rolling stock has made it worth while changing the cars of the old Orient Express over to the Spanish gauge.¹⁶ Another report refers to the railroad system as paralyzed.¹⁷ Thus, although the Spanish road net is good and the railroad system (when in a proper state of repair) adequate for Spanish needs, neither is able to fulfill the function for which it was constructed.

The critical situation described above exists today in spite of an agreement negotiated with Great Britain and signed on February 26, 1941, by which Britain agreed to relax her blockade and to extend Spain a credit of two million pounds for the purchase of British goods. The agreement was subsequently extended to permit Spanish purchases from Portuguese colonies and other areas of the world where Britain had a favorable bilateral balance. By virtue of the relaxation of the blockade and trade agreements with Latin America Spain was

¹⁶U.S. Embassy, Madrid, October 13, 1941.

¹⁷Naval Attaché, Madrid, August 20, 1941

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able to import some one hundred forty thousand bales of cotton from Brazil and Argentina, as well as three hundred fifty thousand tons of grain. Through the British loan Spain was able to acquire fifteen thousand tons of Canadian and fifty thousand tons of Argentinian wheat. Spain was also able to arrange to exchange cotton goods with French Morocco and receive phosphates in return; this transaction, however, has been only partially successful. The Orient has been able to furnish small amounts of rubber carried in Spanish ships. The United States, still creditor to Spain for twelve million dollars on cotton alone, has been reluctant to issue more credits to a government which may move from collaboration with the Axis to actual military alliance.¹⁸ The needs of national defense have further restricted our willingness to supply certain goods of strategic importance.

Thus, extension of credits and relaxation of the blockade have not succeeded in raising the Spanish economic situation above critical levels.

The situation in Spanish Morocco has been

¹⁸Telegrams: Ambassador Weddell to the Secretary of State, September 16, 1941; Secretary of State to Ambassador Weddell, September 18, 1941; Ambassador Weddell to Secretary of State, September 23, 1941.

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even graver than that in Metropolitan Spain. It is noteworthy that the very first ship carrying grain from Latin America unloaded in Spanish Morocco, where its need was most urgently felt.¹⁹

Largely as a result of the economic stringencies described above an epidemic of typhus has appeared in Spain. This disease, which has already appeared in every town in Andalusia, and which is spreading not only throughout Spain but also into Portugal, France and North Africa, is destined to put another drain upon Spanish resources. Dr. J. H. Janney of the Rockefeller Foundation, who returned from Spain this summer, after almost a year and a half in the country considers this epidemic to be so intense that it may become an international problem. Some authorities have taken heart at the news, reasoning that the disease hazard might restrain a German desire to march through Spain. The disease, however, is one which is easily guarded against by any organization which possesses adequate supplies of soap and delousing facilities. Medical advice scouts the idea that the existence of typhus in Spain would in any way deter a German transit.

¹⁹Morocco, ISIS, November 1940

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Besides attempting to restore prosperity in Spain by agreements with foreign states, the Falangist government has tried to meet the economic crisis by regimenting Spanish economy. The program of state controlled economy embraces all productive and distributive efforts in Spain. Despite clear evidence that the system has not been successful, that it has even retarded instead of stimulated production, the Franco government appears determined to continue with it. Industrialists have almost unanimously complained that government interference through the Syndicates, often directed by Falange tyros, is as hard to overcome as the actual shortage of materials.²⁰ Ambassador Weddell has recently confirmed this report and asserts that increased regimentation has caused the regime significant loss of prestige and approbation among its former friends.²¹ In short, it appears as if the government were not only adding to the economic confusion,

²⁰Commercial Attache', Madrid, February 17, 1941 and August 11, 1941; see also, Commercial Attache', Barcelona, September 5, 1941, which describes some of the regulations imposed upon Barcelona industry and commerce.

²¹Telegram, Madrid, October 28, 1941.

by its regulative efforts, but also damaging its own chances of political survival.

3. Political Situation

Opposition to the Franco regime exists in many quarters. First, and most notably, there are the supporters of the former Republic, who have either been driven under cover or imprisoned. The actual number of political prisoners is a matter of some dispute. Estimates vary all the way from one hundred fifty thousand given by a competent observer recently returned from Spain, to seven hundred thousand.²² The United States Naval Attaché at Madrid reported on July 30, 1941 that there were forty-seven labor battalions of four hundred eighty to eight hundred men each scattered throughout Spain,²³ a total number of only twenty-two thousand five hundred to thirty-seven thousand six hundred.

Second, the rivalry between the Falange Party (which has developed into the principal beneficiary of the Franco regime), and the Army has created a small but important group of disgruntled people. Usually referred to as the "Generals", the object of their most special

²²This figure was given to our Naval Attaché, Lisbon, September 17, 1941, by the Chief of Prison Camps in Spain.

²³ONI Intelligence Report, Naval Attaché, Madrid, July 30, 1941 (Rating A)

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disapprobation would seem to have been Serrano Suñer, Franco's present Foreign Minister. Reports from British sources indicate that this group of Generals, which includes such important men as Arenda, Varela, Vigon and Orgaz, had decided that Serrano Suñer must go. They deputized Orgaz to inform Franco of their decision and apparently were determined, if need be, to get rid of Franco himself.²⁴ Other British reports claimed that family difficulties had created bad relations between Franco and his brother-in-law, Serrano Suñer. Still another British Situation Report maintained that a group opposed to Serrano Suñer and his war policy was gathering strength within the Falange party and was pledging its support to Miguel Primo de Rivera, Minister of Agriculture and son of the late Dictator. These signs of unrest within the party are borne out by at least one recent shift in personnel: German Alvariz Sotomayor was dismissed from his post as Secretary General of the Spanish Syndicates. Later he was denied the right to hold any position of power or trust²⁵ for the next two years and placed under arrest.

²⁴ British MID, August 14, 1941.

²⁵ Diario de Noticias, Lisbon, October 8, 1941. A British source recounts the resignation of Espiñosa, Spanish Ambassador to Berlin, because of a disagreement over foreign policy. Accession 424, September 18, 1941.

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Though it is true that Serrano Suñer has numerous enemies and that he is usually blamed for the state of the nation, most of these reports should be sceptically received. According to a competent observer the Foreign Minister's influence and power in the government have increased rather than diminished during the fall of 1941.²⁶ Moreover, it has been reported that the opposition to Serrano Suñer and Franco which arises from rivalries within the Falange Party or from jealousies between the party and the Army is the very kind now being checked by fear of popular uprising.

Furthermore, it is extremely doubtful that the restlessness of the Generals represents a potential coup d'état which would elevate an anti-German group to power. One observer asserts that the Spanish army officers are ardent Germanophiles almost to a man and that they nurse well-established resentments against England and France.²⁷ In the opinion of another observer the struggle between the Generals and the Party is purely domestic.

Neither element is favorable to the democracies. The one conclusion which the foregoing facts indicate is that the government is not able

²⁶Accession 423, July 15, 1941

²⁷Carter, W. Horsfall, Contemporary Review, Dec. 1940

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to put an end to the economic difficulties and that the persistence of these difficulties in turn has caused friction within the government and a consequent loss of confidence in it.

B. Portugal

Any German passage through Spain is almost sure to imply German control of Portugal. The Portuguese friendship with England and the possibility of a British attack on the German flank through Lisbon make it essential that the Germans take the necessary precautions. In so doing the costs will be considerably lighter than those involved in the Spanish problem.

The economic situation in Portugal is very different from that in Spain. The government of Salazar has been financially sound and the economic condition of the country is prosperous in comparison to that of Spain. It is true that food shortages have begun to appear throughout the country²⁸ and have produced riots²⁹; it is likewise true that the rationing of gasoline has begun³⁰ and that the

²⁸U.S. Legation, Lisbon, October 4, 1941--mentions specific shortages in meat, sugar, rice and codfish.

²⁹Naval Attaché, Lisbon, September 11, 1941

³⁰Naval Attaché, Lisbon, September 23, 1941

reduced imports of rubber tires is creating difficulties in the transportation system.³¹ But in many ways Portugal has been benefiting from her position as one of Europe's main ports of entry.

Although strongly anti-German³², Portugal has no power to resist Germany. In the last weeks the small metropolitan army (fifty thousand men)³³ has been weakened by moving some thirty thousand troops to various island garrisons.

Although the Germans could detail a Spanish force to occupy Lisbon, and although the Spanish would favor such a commission (as a possible first step to the ultimate annexation of Portugal), a well-informed source feels that this would be unlikely. The Germans would be unwilling to see hostilities between Spanish and Portuguese troops develop when they know that the overpowering strength of their own army would preclude the possibility of any Portuguese resistance. According to this source the Germans in all probability would thus undertake the occupation themselves.

³¹Accession 1416

³²Naval Attaché, Lisbon, September 17, 1941

³³War Dept. Survey of Portugal, September 9, 1941

There is a fair presumption, based upon the removal of a large part of the Portuguese army to the Atlantic Islands, that Salazar would transfer the seat of government to the Azores and allow the Germans to take over.³⁴

C. Costs to Germany of German Passage through Spain.

The passage of a German army through Spain would probably put the Germans under several disadvantages. In the first place, the moment that German troops crossed the Franco-Spanish frontier the British blockade would cut all of Iberia off from Western supplies. As has been pointed out, the already desperate situation in Spain would approach the danger point. Starvation and disease would follow unless the Germans were willing to bolster the Spanish economy. The Germans might feel impelled to do just this, not out of reasons of humanity, but out of two other extremely realistic motives: 1) To obviate the development of a political situation which might necessitate a large number of occupying troops; 2) To sustain the "New Order" in Spain which the Germans themselves have contributed so heavily to establish. Should a new revolution envelope the country and destroy Franco's efforts to create a Fascist Iberia the repercussions in German-occupied Europe and in Latin America might well be

³⁴Telegram, Naval Attaché, Lisbon, September 17, 1941.

to the German disadvantage in the long run.

In order to prevent such a situation from developing the Germans would most certainly be obliged to furnish petroleum products and food. The other goods which Spain lacks, such as tin, rubber, raw cotton, and hides, are also scarce in Germany.

In addition to these positive costs there is the considerable negative cost to Germany which would come with the closing of the Atlantic ports. For some time the Germans have been able to use Spain and Portugal as entrepôts for trade with the outside world. It is difficult to gauge the importance of this function. Foreign Funds Control believes that the Spanish have in the main been honest in the use of their dollar accounts since June 1941. The only specific commodity which is now suspected of being transshipped is raw cotton, and maybe as much as twenty per cent of this commodity is passing on to Germany.

A third cost which the Germans must assume is the natural one of occupation. Granted that they would occupy only strategic centers along their route, and granted that troops of second or third quality would be competent for this task, nevertheless, this minimum drain on German man power is worth

mentioning.

A fourth cost consists of the loss of Lisbon as an important observation post for espionage centers.³⁵

D. Conclusion

In spite of the costs which the Germans would be forced to meet in passing through the Iberian peninsula, the Germans will in all probability occupy the peninsula whenever their strategy requires. Fighting, if any, would be negligible. Even sabotage, it is thought by a competent observer, would be less in Spain than in other occupied countries less thoroughly indoctrinated with Fascist ideas. The extent of the economic liability that the Iberian Peninsula, isolated from overseas trade, would be to Germany depends chiefly on the availability to Germany of the supplies and technical skill now needed in Spain. If Germany could spare food and other essential commodities, if she could spare trained men to straighten out the bungled business affairs of Spain, she would quickly produce improved conditions in the Peninsula. As for the

³⁵ It should be noted that Lisbon is the major port for goods, mail and persons travelling between the western hemisphere and Europe. It is one of the few places where mail may arrive on the continent without having passed through a censor, and where persons may land without rigorous Allied questioning.

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political repercussions in Latin America, that would result from the entrance of the Nazis, they would probably vary with the nature of the arrangement made between Hitler and Franco. An arrangement which appeared to favor the Spanish pretensions to grandeur might conceivably win favor in Latin America, whereas an outright brutal invasion of Spain and Portugal would not.

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GERMANY'S ECONOMIC STAKE
IN FRENCH NORTH AND WEST AFRICA

Economics Section

GERMANY'S ECONOMIC STAKE
IN FRENCH NORTH AND WEST AFRICA
Summary and Conclusion

A. Long-Run German Advantages

In the long run, Germany stands to gain considerably by occupation. The completion of the road and railway linking North and West Africa would permit the steady flow of vegetable oils from West Africa to the Mediterranean, and open up inadequately exploited intervening regions. South West and perhaps South Africa would come gradually into the German orbit, especially if military forces of any magnitude could be located in West Africa; and above all the long run basis for close German-Latin American relations would be laid.

B. Immediate German Gains and Losses

As compared to its present economic position in North and West Africa, Germany has little to gain immediately by full occupation. From Northwest Africa phosphates, cobalt, molybdenum, olive oil, grains and other foodstuffs are now flowing in significant quantities to the European continent; while West Africa is furnishing an important, but irregularly available quantity of peanut and palm oil. Unless shipping facilities and protection for them can be mobilized to a much greater extent than at present, the immediate effect of occupation may, in fact, be some net economic loss. The French colonies south and east of Dakar might be lost to the continental economy; the British would make a more serious effort than at present to obstruct the Dakar-Casablanca sea route; shipping facilities and supplies would be diverted to supply the German forces engaged to hold the areas taken.

Specifically, there might be a net loss to the continent in peanut and palm oil, both badly needed. Against these losses would be set merely the more energetic exploitation and mobilization of resources now present and flowing, in greater or lesser amount, to the Continent, and a weakening in the already inadequate blockade of the Western Mediterranean.

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- C. Conclusion: An exact measure of Germany's net position after occupation depends heavily upon the form and extent of her military action and the Allied action taken to deal with it. The degree of collaboration or opposition evoked among the French and the natives is equally revelant. Exact judgment is therefore impossible at present. This, however, can be said: that the possible short-run gains or losses economically are so slight that they can not be considered a determining factor in the German decision.

GERMANY'S ECONOMIC STAKE
IN FRENCH NORTH AND WEST AFRICA

A. Long-Run German Advantages

The long run economic advantages that might accrue to Germany through the political and military control of North and West Africa are difficult to gauge. They stem from two strategic consequences of occupation: free movement across the Mediterranean, from the European continent to the North African coast and hinterland; and easy, direct access to the South Atlantic trade routes. The latter would involve, of course, an intensification of commercial relations with South America and probably with South Africa, both by air and by sea. Control of the 'bulge', it is widely agreed, is in the long run a necessary and almost sufficient condition for German economic hegemony in Latin America and in Southwest and South Africa.

The long run economic advantages to be drawn from North and West Africa proper are somewhat easier to indicate. They would consist of the fullest possible exploitation of existing resources. In particular, Germany would probably attempt to develop further the mineral resources of the area. Thus far the major contribution of both North and West Africa has been agricultural. And for the

duration of the War it will probably be in that direction that the Germans will look, if control is gained. In addition, as indicated below, useful quantities of cobalt, and perhaps a crucial quantity of phosphates are now available in North Africa. The array of mineral resources known to be present in West Africa is impressive. It includes:¹ diamonds, coal, petroleum, quartz, asbestos and other silicates, barium, calcium, iron, zinc, manganese, chrome, molybdenum, aluminum, thorium, lead, gold, silver, sulfur, garnet, tin, rutile, and copper. Equivalent lists for French North Africa, and even for Spanish Morocco, are hardly less inclusive. The full extent of such resources is, of course, not fully known. In some cases the amounts, on thorough investigation, will emerge as insignificant; in other cases, exploitation may prove uneconomical due to the availability of adequate cheaper supplies. It is evident that the Germans, in any case, will examine the

¹See mineral map, in Appendix A, "The Economic and Strategic Significance of West Africa," by Projects Section, Planning Division, Office of the Administrator of Export Control, August 27, 1941. The map was constructed by Henry Hubert, chief of the permanent mission for geological research, in French West Africa, 1922.

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availability of these minerals with the greatest care, especially if, for any period of time, they should continue to be denied access to resources elsewhere.²

Such benefits, even in the long run, must be regarded as strictly subsidiary to the potentialities of free or even monopolistic relations with Latin America and South West and South Africa. That vista, and the short run consequences of occupation, are undoubtedly uppermost in the minds of German economic strategists.

B. Immediate German Gains and Losses

1. Northwest Africa

It is the conclusion of military analysts that the problem of North Africa may be separable

²A recent German evaluation of the mineral potential of Morocco is the following (F. Friedensburg, Die Bergwirtschaft der Erde, Stuttgart, 1938, p. 185): "The economic and political importance of mining is not entirely insignificant. Minerals compose almost a third of Moroccan exports. Its phosphates and cobalt supply an important part of the world market. The hope of finding rich mineral deposits sharpened the political struggle of the great powers for Morocco, even though their potential value was overestimated. Phosphates are capable of development for a long period in the future. The same seems to be the case with respect to cobalt and lead ores. There are possibilities for the development of coal and petroleum. It is not to be overlooked that this country, which has only so recently been exploited by European colonization, might reveal hitherto undiscovered deposits of minerals."

from that of West Africa, especially in the short run; i.e., that German control of North Africa may not involve immediate and unequivocal control of West Africa. For that reason the economic advantages consequent upon German control will be grouped by area. In each instance an effort will be made to answer the following questions: What commodities or services are available? In what quantity? What immediate importance have they for Germany? What relative importance, with respect to current German needs, do the quantities represent? It is perhaps needless to remark that exact information on German shortages and on North African stocks is exceedingly sparse.

For these purposes North Africa will be defined as including Tunisia, Algeria, French and Spanish Morocco. It is possible that the full possession of North Africa, thus defined, would carry with it control of Libya and perhaps Egypt. As a problem in military tactics North Africa cannot be isolated from the Near and Middle East. The economic analysis here, however, will be limited to the short run economic benefits to be derived by the Germans from occupation of the territory stretching roughly from Tunis to Casablanca.

In attempting to measure these benefits, we are comparing the present flow of goods to Europe and that which would flow quickly upon full German control. The German Armistice Commission at present superintends the disposition of North African production;³ German agents or collaborationists control the phosphate, manganese, and cobalt mines.⁴ Within the existing limits of transport facilities from North Africa to the Continent, it is likely that Germany is withdrawing, via France, those goods which it requires, and superintending the manner in which output is distributed. The degree to which Germany will profit economically from occupation thus depends intimately on whether occupation will either weaken the present inadequate British blockade or positively improve transport facilities. If it is assumed that the British blockade will not be affected, immediate German benefits reduce to those which might result from superior mobilization of materials

³ See State, Casablanca, September 1, 1941, for terms of agreement whereby 15 billion francs of French merchandise are exchanged against 5 billion francs of German goods, at the fixed rate of 20 francs to the mark. The balance is applied to the French obligations under the Armistice Agreement.

⁴ See State, Casablanca, January 30, 1941

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within North Africa. Set off against this minor advantage would be the cost of maintaining a military force in the area. The neutralization of Gibraltar, and such slackening in the already loose British blockade as would be consequent upon it, emerges as crucial even to the short run economic exploitation of North Africa.

It is likely that merchant vessels in North German ports are redundant. There are two routes that would most concern Germany after occupation: that from North Africa to Marseille and the other Continental ports; that from Dakar to North Africa. In the short run, unless full cooperation with the French navy were to be obtained, the Dakar-North Africa sea route will probably be less accessible to the Axis than at present. The neutralization of Gibraltar, however, might make the Western Mediterranean virtually free. The problem then facing Germany would be to transfer a part of its idle merchant fleet from the Baltic to the Mediterranean. This would be, without doubt, a difficult and dangerous operation, even with the cooperation of French, Spanish, and Portuguese authorities; but it might be undertaken if the Western Mediterranean were judged safe. In combination with the extension

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of land communications with West Africa and a more efficient and thorough administration of African resources, this complex of actions would offer the most reasonable possibility of net economic gain to Germany.

All commercial reports from North and West French Africa agree that a deterioration in fixed capital has occurred since the Armistice of June 1940.⁵ Railways are overworked, with replacements not available; automobiles have lain idle or fallen into disrepair; mining output has been on a much reduced scale. The only form of capital construction noted has been in the form of house building and slum clearance, partly undertaken as an offset to unemployment. In general, the lack of essential imports has caused a perceptible, but not irreparable deterioration. A certain amount of capital expenditure on the part of Germany will be required to bring mining output especially back to normal. To achieve substantial increases in African production, still further outlays of labor and resources would be called for; although in the important instance of phosphates, recently installed French Railway lines and mining

⁵For railroads, see especially State, Casablanca, August 9, 1941.

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equipment have significantly prepared the way for production increases. On the other hand, the transport at a steady rate of appreciable quantities of fuel oil would be essential; and the whole area is drastically short of manufactured goods of all kinds.

German occupation of North Africa, with or without the acquiescence of Weygand and Vichy, would certainly end the present flow of American goods to Morocco. Arrangements have been made to free blocked French funds in the United States to the maximum extent of roughly 48 million dollars per year.⁶ A schedule of specific commodities and quantities has been drawn up representing the goods which may be exported under this arrangement. They include petroleum products and manufactured goods badly needed in the area. Before the goods may be exported, export licenses must be obtained from the United States and navicerts from Britain; and the goods must be carried in French vessels. It seems unlikely that purchases to the full potential amount will occur in the course of

⁶ This information from Treasury, Division of Foreign Funds Control.

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the coming year.⁷ If schedules were, however, to be filled, American shipments would represent a substantial support to the Moroccan economy since total imports into French Morocco from all countries in the pre-war year 1938 were only about 61 million dollars.

German entry would involve, to some extent, the necessity for filling the gap left by a cessation of American shipments; or a further deterioration in the North African economic position would have to be tolerated. The immediate military and long run economic advantages of occupation are so great that it is unlikely that the Germans would count this an important factor in their decision, except to the extent that Weygand's willingness to collaborate will be determined by the continuance or loss of American supplies. The American agreement is therefore to be judged not so much as an economic gain or loss to Germany, as one factor affecting the possible resistance to a German occupation.

⁷Shipments are now proceeding at about one quarter of the maximum rate; i.e., \$3 million every three months. The agreement has, however, been in effect for too short a time (July 1, 1941) for any accurate judgment to be made.

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The attached table constitutes an array of the more important commodities, agricultural and mineral, produced in North Africa. The strategic items among them are discussed at greater length below.

a.) Olive oil⁸

Olive oil production in North Africa is small relatively to that in Spain, Italy, Greece, and Turkey. Output in Tunisia, Algeria, and French Morocco is estimated at only 9% of the total in the Mediterranean

⁸In the pre-war years, Germany imported 22,600,000 bushels of oilseeds; 42,300 bushels of oilcakes. What is not Greater Germany is still more deficient; the corresponding figures are 26,800,000 bushels and 45,000,000 bushels. In the present German-dominated area (including all of France, but not Russia), there is a deficit of 23,500,000 bushels of oilseeds, and 75,400,000 bushels of oilcakes.

Germany's nutritional deficiencies are largest with respect to fats and oils. Supplies are low enough so that the rations for ordinary consumers are below the calculated level of nutritional adequacy. The amounts, however, available in one form or another for this year do not appear to jeopardize the current consumption level. Similarly, the livestock and dairy industries in Germany proper can make shift at the present level of output, although the insufficiency of carbohydrate and protein feed in Germany contributes to a reduction in quality.

For Greater Germany and for the dominated lands, however, there is a serious net deficiency of protein feeds. Significant imports must be maintained even to supply dairy, poultry and livestock products for the Continent. It is apparent, therefore, that additional sources of oils, oilseed and oilcakes would be desired by the Germans.

NORTH AFRICA*

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Agricultural Products

COMMODITY	AREA OF PRODUCTION	NORMAL PRODUCTION	NORMAL EXPORT	CURRENT INFORMATION
WHEAT	1. French Morocco 2. Algeria 3. Tunisia	56,846,000 bu. (1959)	Approx. 19,845,000 bu. (1958-9)	
BARLEY	1. French Morocco 2. Algeria 3. Tunisia	76,266,000 bu. (1957-8)	4,242,000 bu. (1957-8)	
WHEAT	1. Algeria 2. French Morocco 3. Tunisia	16,077,000 bu. (1957-8)	810,000 bu. (1957-8)	All grain harvests expected to be abundant in 1961.
RYE	1. Algeria	44,000 bu. (1959)	64,000 bu. (1957)	
MILLS	1. French Morocco 2. Tunisia 3. Algeria	7,401,000 bu. (1959)	1,222,000 bu. (1959)	Pressure from Continent for export reduces local stocks
OLIVE OIL	1. Tunisia 2. French Morocco 3. Algeria	84.1 thousand short tons (1959-60) 57.9 thousand short tons (est. 1961)	42.1 thousand short tons (1959-60)	Tunisian exportable surplus expected to be abnormally low in 1961, and for other areas as well. Used principally as tractor lubricant.
WOOL	1. Algeria 2. French Morocco 3. Tunisia		29,875,000 lbs. (1959-60)	French Commission reported purchasing entire current output, probably for Germany.
TABACCO	1. Algeria 2. Tunisia	49,957,000 lbs. (1959)		
WAX	1. Algeria 2. Tunisia 3. French Morocco		19,397,000 hectoliters (av. 1953-60)	Excess on hand in Algeria
CITRUS FRUITS	1. Algeria	1,000,000 Quintals (est. 1961)	700,000 Quintals (av. 1954-59)	
CORN	1. French Morocco 2. Algeria 3. Tunisia	57,000 tons (av. annual) 25,000 tons (1960)		Some surplus offered for non-European export. Large stocks on hand. German purchases for livestock.
Minerals**				
COMMODITY	AREA OF PRODUCTION	NORMAL PRODUCTION	% OF WORLD PRODUCTION	CURRENT INFORMATION
PHOSPHATES	1. Tunisia 2. French Morocco 3. Algeria	8,578,954 M.T. (1959-6)	200	Cereal output much reduced. Minor shipments to Spain and Italy.
IRON ORE	1. Algeria 2. Spanish Morocco 3. French Morocco	4,173,711 M.T. (1959-6)	2.15	
COBALT	1. French Morocco	720 M.T.*** (1958)	278	If Omani War Africa is reported to have offered secretly to export substantial amounts to U.S. Germany reported forbidding such exports of Cobalt & Manganese. Manganese poor quality, now going largely to Italy.
MANGANESE	1. French Morocco 2. Spanish Morocco	66,748 M.T. (1958)	1.33	
ANTHRA	1. Algeria 2. French Morocco 3. Spanish Morocco	562 M.T. (1958)	0.15	
MANGANESE	1. Algeria 2. Tunisia	15 M.T. (1958)	25	
CRU	1. Algeria 2. French Morocco	9,500 M.T. (1958-9)	1.55	
MOLYBDENUM	1. French Morocco	250 M.T. (1958)	1.35	Germany reported to have forbidden export to U.S. of Molybdenum
DIATOMITE	1. French Morocco	400 M.T. (1959)	25	
FLUORITE	1. French Morocco	148 M.T. (1958)	25	
COBALT	1. French Morocco	40 kg. (1958)		
OLIVINE	1. Algeria 2. Tunisia 3. French Morocco	2,877 kg. (1958)	955	
ZINC ORE	1. French Morocco	7 M.T. (1958)		
CRU	1. French Morocco	27 M.T. (1958)		
IRON	1. French Morocco	87,800 M.T. (1958)	15	
COBALT	1. Algeria	22 M.T. (1958)		
DIATOMITE	1. Algeria	19,430 M.T. (1958)		
ANTHRA	1. Algeria 2. French Morocco	50,000 M.T. (1958)	2000	

*Statistical Sources:

Erziehungs- u. Volkswirtschaftl. der Erde, Stuttgart, 1959.
International Review of Agriculture, published by International Institute of Agriculture, Rome.
Latest edition, July-August 1960.
International Yearbook of Agricultural Statistics, Rome, 1958.
The New International Yearbook, ed. Charles R. Fisk, New York, 1961.

**In all important cases statistics on total mineral output is available for export.

***G. Bureau of Mines estimates.

area.⁵ The normal exportable surplus from French North Africa is, however, over 40% of the export surplus for the whole area. In view of the shortage of vegetable oils on the continent, North African olive oil resources emerge as important. There would appear to have been no serious difficulties in transporting olive oil to the Continent. In the summer of 1941 stocks were reported abnormally low. Prospects for the 1941-42 harvest yield are regarded as only slightly below peacetime normal; although the exportable surplus may be less than expected, due to seepage into private hoards and the black bourses, which are at present tolerated.

b.) Wheat

French North Africa has exported some 12 million bushels of wheat each year since 1937. The 1932-37 average exports were between 17 and 18 million bushels. The reduction reflects, in part, weather conditions to which the North African crop is particularly subject. It also reflects the world wheat

⁵Projects Section, Planning Division, Office of the Administrator of Export Control, "Supplemental Report on the Preclusive Purchase of Vegetable Oils in French Africa". September 18, 1941, pp 4-6.

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situation of the past years, coupled with the fact that French control has tended to direct the agriculture of its possessions to complement its own. This has meant a repressive policy towards North African wheat, since France has been on a net export basis for wheat in recent years. The wheat economy of this area has demonstrated considerable flexibility over the past years. It has expanded rapidly since the World War, while permitting short-time adjustments downwards. Similarly, the natives have made adjustments in types of wheat, producing durum, hard, and soft types in their effort best to supply the French and other markets. The present grain shortage in unoccupied France has made for an expansion of acreage and output.

In general, North African wheat exports amounted to about one quarter of the imports of pre-Nazi Germany (1927-32). In the next five years, exports from this area (17.7 million bushels) almost equalled imports into the old Reich (18.5 million bushels). Though the present situation in Greater Germany would place less emphasis on wheat and grain

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requirements than upon other foods, Germany could use these supplies to advantage, particularly in view of the serious wheat deficiencies in the German-dominated lands. It is also noteworthy that normal net exports from North Africa added to normal net exports from the Danubian basin make the present German-controlled areas of Europe (excluding Russia) virtually self-sufficient with respect to wheat, if pre-war production levels are maintained. Current reports on the North African grain crop agree unanimously that 1941 yields will be abnormally large, despite shortages of fuel for mechanized agricultural equipment and binding twine for the sheaves.

c) Phosphates¹⁰

¹⁰(Footnote continued on next page) Phosphates for fertilizer are obtained from raw phosphate rock and from phosphate slag, a by-product of steel production. The latter source is large in Germany, which has ores of high phosphorous content. Fully 350,000 tons of P_2O_5 , phosphate plant food, is provided annually by the steel industry. On the other hand, no domestic phosphate rock is available, so that it has been necessary for Germany to import the rest of her requirements, which amount today to at least 350,000 additional tons of P_2O_5 . To produce this amount imports of about one million tons of high grade phosphate rock are necessary.

Principal sources have been the United States and French North Africa, which together provided 90 per cent of these imports, the remainder coming from Russia. Incidentally, total Russian pre-war exports of phosphate rock were less than half a million tons. Germany could

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There is evidence that the Germans, as time goes on, will feel increasingly the shortage of phosphates. Even before the outbreak of war the soil of Germany appeared somewhat impoverished in this respect.¹¹

The phosphate slag yielded by the steel industry is inadequate; and the normal raw

¹⁰(Footnote continued from preceding page) now draw her requirements from Russia only at great cost to the Russian agricultural economy and with considerable transportation difficulties. The North African supplies are therefore her most likely supplementary source.

This area appeared to have as much as 3 million tons of raw phosphate rock available for export annually in the years immediately preceding the outbreak of war. Much more could be obtained if the machinery and transport facilities only recently installed by the French were put to full use. And this volume of rock might yield close to one million tons of P₂O₅.

Phosphoric acid is of great importance to German agriculture in normal times. It is of vital importance in this war period, when a shift in production toward root crops and oilseeds is taking place. These crops generally require from 2 to 3 times as much phosphoric acid per acre as do the grains they are to replace.

There is some evidence that German soils have been deficient in phosphates since the World War. Allotments for use in 1940-41 were said to be only 40 per cent of those in 1937-38. Recent applications were evidently made from phosphate slag, and from small shipments of rock from Russia, and perhaps from Africa by way of Italy and France. German experiments, made over a period of years, indicate that a 60 per cent reduction in phosphoric acid fertilizer results in reductions in yield of about 10 per cent. There is also a quality deterioration, particularly in the protein content of green feed grown, which will adversely affect the nutrient content of the foodstuffs now so important to German wartime agriculture.

¹¹Strauss, F., "The Food Problem in the German War Economy", Quarterly Journal of Economics, May 1941, pp. 382-86.

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material sources (United States, North Africa, and Russia) are now more or less out of reach. Some phosphates appear to be reaching Germany by rail from Italy and France, after shipment across the Mediterranean. It is doubtful, however, if anything like the normal full supply from North Africa is coming through. Production, after June 1940, is reported to have fallen to about half the pre-war rate.¹² Any freeing of transport across the Mediterranean would thus be of very considerable aid to German Agricultural production. Given adequate transport facilities North African phosphate rock is capable of filling what is calculated to be the major fertilizer shortage in German, and perhaps in the whole of Continental agriculture.

d) Cobalt

North African cobalt is obviously of

¹²An American consular report (State, Casablanca, January 24, 1941) contains the following revealing statistics: 3/4 of the 1939 export of phosphates from Morocco was 1,091,350 tons; exports for the first nine months of 1940 were 655,483 tons. A telegram, State, Algiers, January 14, 1941 reports phosphate output in Algeria down to 20,000 tons per month (normal 45,000), recently resumed after a period of stoppage. Only foreign shipments since June 1940 reported to be to Spain.

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strategic importance to the German economy.¹³ The other major producing areas, Burma, Bolivia, Northern Rhodesia, are outside German control. Cobalt itself has many important industrial uses, especially as a catalyst in the refinement of high octane gasoline and in the manufacture of high-grade steel, tools for metal cutting, magnetic steels, and rustless alloys. The North African cobalt supply (25-30% of total), therefore, rates high on a priorities list, although Moroccan production does not supply the full Continental need. Germany is reported to have forbidden the export of cobalt to the United States, although L'Omnium Nord Africain secretly offered to ship 600 to 700 tons monthly.

e) Other Commodities

Among the other commodities listed cork, wines, antimony, manganese, and molybdenum are especially to be noted. There is, apparently, no great German demand for North

¹³A recent (October 1941) American report states: "The Moroccan deposits are considered by the Germans as of exceptional quality. A (to us) friendly firm has succeeded in subtracting 3,000 tons of ore to date from deliveries that should have gone to Germany which are hidden near Casablanca. The Germans use the cobalt not only in the manufacture of Alnico metal, but chiefly as a catalyst to increase the degree octane of Roumanian gas, otherwise too poor for aviation motors."

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African cork,¹⁴ since output has been permitted to fall off and supplies to accumulate. An adequate flow may be available from the Iberian peninsula; and the additional quantity to be drawn from North Africa may not justify the shipping space required to transport it. North African wines have long been an important French staple. They are mixed with the lighter French wines; and sometimes serve by themselves as a cheap table wine. The extent to which shipping has been allocated for its transport is not fully known, although fully 65,000 tons - the largest single item by weight - came to Marseille from North Africa in a recent six weeks period. Antimony and molybdenum, although present in relatively small quantities, are being sent to the Continent, where they are badly needed in armament production. The latter is especially important since the Germans are short of tungsten for the hardening of steel.

¹⁴Recent reports, State, Casablanca, February 19, 1941; State, Algiers, May 17, 1941, state that Germany has been negotiating indirectly for the purchase of cork for 1,500,000 life preservers, allegedly for use in an invasion of Britain.

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Molybdenum is the best existing substitute for tungsten.¹⁵ There are reports of shipments of North African manganese to Italy; and there is evidence that unused stocks are available. In general, North African manganese ore is low grade (less than 30 per cent manganese content), and would not be used, for example, by American manufacturers. They may be viewed as more useful on the Continent, especially since the important Russian supply is now denied.

Conclusion: Germany and the rest of the European Continent are at present drawing considerable economic benefits from North Africa. Grains, wines, olive oil, and other foodstuffs are helping somewhat to relieve the pressure on unoccupied France, and on Germany as well. The phosphates, cobalt, manganese, antimony, and molybdenum are also available in amounts not far below normal; although in this respect phosphate rock may be an exception. Unless further shipping

¹⁵A recent (February 28, 1941) German article, "Europe's Metal Basis", Der Wirtschaftsring, states that current molybdenum supplies from Morocco are of low grade, but that rich supplies may be available, after search, in the Atlas Mountains.

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protection and facilities be made available to the Mediterranean routes; and unless considerable amounts of labor and resources be expended in regenerating and improving the capital facilities of the area, it is doubtful if a substantial increase in the flow of goods from North Africa to the Continent can be achieved. And in general, the short run success of attempts to exploit new mineral resources is problematical.

2. West Africa

As in the case of North Africa, the immediate economic advantages to be derived by the Germans from control of West Africa hinge on military considerations. The first such consideration involves estimating the extent to which non-French West African territories would come into German hands if Dakar and Senegal were occupied. The resources of Gambia, Portuguese Guinea, Sierra Leone, Liberia, the Gold Coast, and even Nigeria - now more or less available to the British - might, under certain circumstances, be denied. In addition, Free French Equatorial Africa would be endangered. The acquisition of these territories would, of course, involve very considerable

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military expeditions; and they would probably necessitate active cooperation on the part of the Vichy-French naval and land forces.

It is more likely that, in the first instance, a German penetration of West Africa would center about Dakar. Aside from the obvious advantages of Dakar as a submarine and naval base, the net gain would then depend upon consequent improvements in transport facilities to North Africa. With respect to the sea routes the action taken by the French navy would be crucial. With its support the coastal route, from Dakar to Casablanca, might, with air assistance, be fairly well protected. Without strong naval forces, however, there might be, in the short run, an actual slackening of the flow of supplies from ~~France~~ ^{Dakar} to North Africa by sea. British naval activity in those waters would, almost certainly, increase. But perhaps the first action taken by the Germans, if they were to occupy North Africa, would be to extend and complete the projected road and railroad from Morocco to Senegal. Even if the full force of their energy and ingenuity were mobilized on this project, it is doubtful if overland transport would be available to them within a short period of time. One therefore

cannot count among the short run economic gains to Germany the exportable surpluses of Senegal and Dakar, unless the co-operation of the French Navy were attained. In that case, unless strong preventive action were taken, British Gambia, completely surrounded by Senegal, would probably fall.

Britain at present is drawing no supplies from French North and West Africa.¹⁶ The shipments from North Africa to the United States have been and probably will be nominal. The immediate economic loss that the Germans are capable of inflicting on the Allies stems therefore from two conditions: first, of course, the South Atlantic shipping routes would be further disrupted; second, an area South and East of Dakar would be threatened or occupied, depending on the action taken by Germany, and the effectiveness of Allied counter moves. Specifically, the following areas might be affected: British Gambia, Sierra Leone, Liberia, the Gold Coast,

¹⁶ The importance of British possessions in West Africa to the British economy is clear from the accompanying table. It is especially to be noted that for the year 1941-42 almost half of British vegetable oil imports are expected to come from Nigeria, the Ivory Coast, and Sudan.

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Nigeria, and Equatorial Africa (Free French). The bases at Bathurst and Freetown are clearly the greatest British stake in this area. Economically the vegetable oils of Nigeria and the Ivory Coast, and the diamonds, manganese, and tin of the Gold Coast constitute a considerable potential loss.

The attached table lists the more important products now yielded by British and French West Africa.

The largest single economic gain that might accrue to Germany from control of West Africa, and a consequent improvement of transport facilities, would be in the form of vegetable oil. This now serves not only as an essential foodstuff, but also as a lubricant in submarine and other Diesel engines. This commodity is much needed on the continent, where there is estimated to be available for consumption only 58% of minimum vegetable oil needs.¹⁷ All of Vichy-controlled Africa is believed capable of supplying

¹⁷Projects Section, Planning Division, Office of the Administrator of Export Control, "Supplemental Report on the Preclusive Purchase of Vegetable Oils in French Africa", September 18, 1941, p. 1, n.

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WEST AFRICA
(French and British)

Agricultural Products

COMMODITY	AREA OF PRODUCTION	NORMAL PRODUCTION	NORMAL EXPORT	CURRENT INFORMATION
PEANUTS	1. Senegal	1940 - 540,000 T 1936 - 539,000 T	1936 - 539,000 T.	1941 Crop expected to be seriously deficient. Large current stocks at Dakar.
	2. Sudan			
	3. Nigeria			
	4. Ivory Coast			
PALM OIL and NUTS	1. Dahomey	182,000 T (annual average)	110,000 T (annual average)	No current stocks listed at Dahomey
	2. Guinea			
	3. Ivory Coast			
COCOA BEANS	1. Ivory Coast (99.97%)	1938 - 58,150 T	1938 - 58,150 T	
COFFEE	1. Ivory Coast	1939 - 16,600 T	1939 - 16,600 T	
	2. Guinea	1941 - 22,000 T est.		
SHEA PRODUCTS (Kariye)	1. Ivory Coast		1937 - 17,872 T	
	2. Dahomey			
	3. Sudan			
BANANAS	1. Guinea		1938 - 71,798 T	
	2. Ivory Coast			
SISAL	1. Senegal - Sudan 2/3 of total		1938 - 44,940 T	
COTTON	1. Senegal - Sudan	Import requirements far exceed exports	1938 - 5,299 T	
	2. Ivory Coast			
	3. Nigeria			

Minerals*

COMMODITY	AREA OF PRODUCTION	NORMAL PRODUCTION	% OF WORLD PRODUCTION
DIAMONDS	1. Gold Coast	1936 - 2,106,000 Carats	25.0%
	2. Sierra Leone		
	3. French West Africa		
MANGANESE	1. Gold Coast	1936 - 447,000 M.T.	8.0%
TIN	1. Nigeria	1936 - 9,200 M.T.	5.0%
GOLD	1. Gold Coast	1936 - 14,490 Kg.	1.2%
	2. Sierra Leone		
SILVER	1. Nigeria	1936 - 5,185 Kg.	.1%
	2. Gold Coast		
PLATINUM	1. Nigeria	1936 - 15 M.T.	---
TUNGSTEN	1. Nigeria	1936 - 6 M.T.	---
IRON ORE	1. Sierra Leone	1936 - 586,000 M.T.	.2%
LEAD	1. Nigeria	1936 - 843 M.T.	---

*With unimportant exceptions all mineral resources in West Africa, now producing appreciable supplies, are in British hands.

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an additional 32% of total minimum continental needs, of which more than half would be peanut oil.

How much is, at present, getting through from West Africa is difficult to estimate. One estimate is that 25% of current output is getting to Germany. It is known that the lack of transport facilities has led to a piling up of stocks. Fully 700,000 tons are known to have accumulated in Dakar warehouses. New peanut presses have been installed at Dakar, and the oil used to fuel vessels there. About half of the 1940 commercial peanut crop is believed to have been moved successfully to North Africa and France. In a six weeks period 30,000 tons of peanuts arrived in Marseille, in the summer of 1941. The outlook for the 1941 Senegal crop is poor due to the drought in that area.

The blockade of West Africa has not been complete, and it has been the shortage of vessels which has, essentially, limited the flow of vegetable oils to the North. The potentialities of airplane transport of vegetable oils are limited, and the caravan route is slow and inadequate. If German action in West Africa involved a tightening of British controls along the

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coast, the flow might be even less than under present conditions. If British control of Bathurst and Freetown were maintained, supplies of palm oil, coming from French territories south and east of Dakar, might, in addition, be sacrificed. These amount to roughly 75 thousand tons annually, or 25% of the total vegetable oil produce of Vichy-controlled Africa.

Conclusion: At the present time the Continental economy is getting from French West Africa appreciable amounts of peanut and palm oil. These are the only strategic commodities to be drawn, in significant volume, from French territory in that region. The present flow is sub-normal as compared to peace time exports. This is due to the shortage of French and Axis shipping, and to the British policy of occasionally taking prizes on the Dakar-Casablanca route. Air and land transport have not succeeded in significantly reducing the shipping gap. Air and perhaps sea protection on a considerable scale would be necessary to bring West African exports back to normal, if the British were to attempt more systematically to disrupt the sea route. This they would almost certainly do upon German occupation of North or West Africa.

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The more productive colonies, with respect to minerals and palm oil, lie south and east of Dakar. If the Germans were able, after same time, to make West Africa a significant base for land and air forces, it might be possible for them to move down the coast, getting to the diamonds, manganese, gold, and vegetable oils that are to be found between Senegal and Nigeria. They could, moreover, threaten Freetown and probably capture Bathurst, an isolated station. In the short run, however, the Germans would have to assume a net economic loss in that area.

S E C R E T

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THE MILITARY PROBLEMS OF A GERMAN CONQUEST OF
NORTHWEST AFRICA

Mediterranean Section

THE MILITARY PROBLEMS OF A GERMAN CONQUEST OF
NORTHWEST AFRICA

Summary and Conclusion

A. Probable German Disposition.

Assuming Spanish collaboration and full resistance by the French in North Africa the Germans would be able to execute their campaign with nine to fourteen divisions and sufficient planes for air superiority. This force would be sufficient considering the probable support of ten Spanish and possibly some Italian infantry divisions as well as the support of Italian and Spanish air and naval craft.

B. The transit of Spain would offer few difficulties. The major difficulty would be the provision of food, gasoline, and war materiel for the advancing forces.

C. The crossing of the Mediterranean presents the most difficult operation of the entire campaign. The Axis air force aided by Italian and Spanish naval units is expected to neutralize the British naval forces as well as Gibraltar and Malta. The problem of the supply of tonnage is negligible.

D. The German campaign in French North Africa can hardly be considered a difficult campaign in view of the small military effectiveness of the French army and air force. Fifth column action among the nationals of Axis powers as well as French citizens and natives is liable to make the task even easier.

E. Conclusion: Barring outside aid little resistance can be offered to the extension of German power to North Africa.

NORTHWEST AFRICAA. Probable German Dispositions.

The military effort of the Germans in their occupation of Northwest Africa will vary with the degree of resistance their army will encounter from France, Spain, Portugal and the North African colonies of these powers. It is improbable that unless the military situation in Europe changes greatly the Germans will have to face the combined strength of all of these countries, and even in that case the lack of modern equipment and factors of geography make their opposition less formidable than their numerical strength would indicate.

The military, naval, and air strength in the Western Mediterranean is at the present time about the following:

1) Spain

- a)
- Army
- 500,000 to 550,000.

These troops are reported to be badly equipped, fed, clothed and disciplined. Their armament and training do not fit them for modern mechanized combat.¹

- b)
- Navy
- 6 cruisers
-
- 18 destroyers
-
- 5 submarines

¹Naval Attaché, Lisbon, December 31, 1940; idem., September 17, 1941; Military Attaché, Tangier, June 22, 1941.

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Four of the cruisers launched between 1925 and 1931 have the speed and gun power to be very useful.²

c) Air force: 400 first-line planes.³

2) Portugal

a) Army: 50,000

The size, equipment and training of the Portuguese Army preclude any offensive strategy. It is estimated that a German invasion could be executed in two or three days.⁴ The best troops and equipment are reported to have been moved to the Azores.⁵

b) Navy: 3 light cruisers
10 destroyers
3 submarines
7 smaller vessels⁶

c) Air force: About 150 planes.⁷

²Jane's Fighting Ships, 1940; Brassey's Naval Annual, 1941. The Naval Attaché Madrid, October 6, 1941 reports only 13 destroyers in his distribution report of October 1, 1941.

³IID, Evaluation report, September 5, 1941.

⁴War Dept., Survey of Portugal, September 9, 1941.

⁵ONI, Memorandum on Northwest Africa, August 15, 1941.

⁶War Dept., Survey of Portugal, September 9, 1941. The Naval Attaché, Lisbon, October 10, 1941 reports the following: 7 sloops, 6 destroyers, 3 submarines, 10 gunboats, 9 auxiliary vessels.

⁷IID, Evaluation Report, September 5, 1941. The Naval Attaché, Lisbon, July 28, 1941 listed the Portuguese air strength at 156 planes: Army - 60 (Bombers 18, Fighters 12, Observation 30); Navy - 24 (Bombers 6, Observation 18) Others: 72 (Trainers etc.)

3) Francea) Army

Vichy - 86,000
North Africa - 80,000
West Africa - 50,000 to 70,000

The North African troops have full equipment in small arms, machine guns, and light artillery, but no mechanized equipment, practically no anti-tank guns, and very limited anti-aircraft materiel. The supply of munitions is estimated to be sufficient for ten days' operations of the entire force.⁸

b) Navy (Effectives under Vichy command in European and Northwest African waters)

2 battleships
1 aircraft carrier
4 heavy cruisers
7 light cruisers
25 flotilla leaders
28 destroyers⁹
55 submarines⁹

At Toulon the bulk of the fleet is stationed: The battleships Strasbourg and Provence, the latter classified as an old battleship, the aircraft carrier Commandant Teste, four heavy cruisers

⁸MID, Survey of Northwest Africa, August 15, 1941; British report, The Possibilities of Action in French North Africa, undated (to be quoted in subsequent pages as Accession 2466); State, Algiers, April 21, 1941.

⁹ONI, Status of French Fleet, October 1, 1941. The same source is used for the distribution of the fleet.

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three light cruisers, eighteen flotilla leaders, seventeen destroyers, twenty-five submarines. These units are in good condition, with the exception of two flotilla leaders now under repair. Oil and ammunition stocks are very low, however, sufficient for only one complete outfit.¹⁰

At Oran--iers-el-Kebir (which has supplanted Bizerta as the principal French naval center), a smaller fraction of the fleet is stationed: the battleship Dunkerque, two flotilla leaders, four destroyers, ten submarines. The Dunkerque is still undergoing repairs; the starboard hole has been sheathed with steel plates and cement. Estimates of her possible speed range from twelve to twenty-five knots.¹¹

At Casablanca are the battleship Jean Bart, two light cruisers, one flotilla leader, six destroyers, eight submarines. The Jean Bart is not in condition to put to sea for operations. It is being used as a school ship, with the heavy stern battery not installed and the secondary one not complete.¹²

¹⁰Accession 2466.

¹¹State, Tangier, November 3, 1941; MID, Survey of Northwest Africa, August 15, 1941 (Report as of August 2, 1941); ONI, Vichy, Aug. 25, 1941; State, Algeria, July 6, 1941.

¹²MID, Survey of Northwest Africa, Aug. 15, 1941; State, Casablanca, Mar. 20, June 16, 1941; Military Attaché, Tangier, July 22, 1941; Telegram, State, Casablanca, October 15, 1941.

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c) Air Force estimated at 847¹³

	<u>Total</u>	<u>Bombers</u>	<u>Fighters</u>	<u>Observation</u>	<u>Sea Planes</u>
Vichy	312	86	164	39	23
Morocco	140	77	50	13	
Algeria	138	60	50	28	
Tunisia	93	13	32	15	33
West Africa	164	100	40		24

The efficiency of this force would be fairly high at the outset, but would depreciate rapidly after the first few weeks owing to the lack of spares.¹⁴ Other qualified observers do not grant "fairly high efficiency" even at the outset.

4) Great Britain

The British naval, land, and air forces based on Gibraltar and Malta will certainly offer serious resistance.¹⁵

¹³This report, forwarded by the Naval Attache, Madrid, September 9, 1941, is rated "B", but it is used by the British in Accession 2446. The MID Survey of Northwest Africa, August 15, 1941, reports 435, instead of 371, planes for North Africa and a different distribution. (The forty Tunisian planes lost in Syria have been replaced, with permission of the Armistice Commission. State, Casablanca, July 9, 1941.)

¹⁴Accession 2466.

¹⁵For detailed information see MID, Evaluation Report, September 5, 1941.

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The Spanish and Portuguese metropolitan forces are expected by most observers to offer no resistance to the Germans.¹⁶ In fact the present disposition of Spanish forces in Southern Spain and Spanish Morocco indicates that the Spanish Army may be preparing for action in North Africa. Certainly it is not preparing for action at the Pyrenees.¹⁷ Such a conclusion is reenforced by the reports on the military activity in Spanish Morocco: the building of roads, the stocking of supplies of food and munitions.¹⁸ Consequently the Spanish colonial force must be counted a most probable net addition to the German strength.

The attitude of France will determine whether the cost of military occupation of Northwest Africa will consist of a mere diversion of occupying forces or on the other hand, a military campaign. In case both Vichy and the Northwest African administration gave full collaboration, occupation could be undertaken immediately, without

¹⁶ See the supporting study, The German Political and Economic Problem in Iberia.

¹⁷ On Dec. 31, 1940 the Naval Attaché at Lisbon reported the disposition of the Spanish Army as follows: Morocco, 150,000; Southern Spain, 100,000; Canary Islands, 10,000; Portuguese frontier, 80,000; Balearic 15,000; Elsewhere, 175,000. Since that time the garrisons in Northern Spain have been weakened to increase the troop concentrations in Morocco to 194,000. (State, Tangier, Aug. 23, 1941) and in the Canaries to 55,000 (MID, Survey of Northwest Africa, Aug. 15, 1941; ONI, Memorandum on Northwest Africa, Aug. 15, 1941). See also Naval Attaché, Lisbon, Sept. 17, 1941 on the disposition of Spanish troops.

¹⁸ Naval Attaché, Madrid, September 25, 1941, quoting the U. S. Legation, Tangier.

the violation or even the cooperation of Spain. Considering, however, the present strategic situation in Europe and assuming no great changes during the winter of 1941 to 1942, Germany must mobilize its forces in the expectation of full (or at least partial) resistance in French North Africa.¹⁹

On the assumption of Spanish collaboration and French North African resistance, it is calculated that the conquest of French Northwest Africa will require not less than nine German divisions. This drive will take the form of a pincer movement through Tunisia and through Spain.²⁰ The Spanish pincer would consist of four to eight divisions to be reenforced by the one hundred ninety-four thousand Spanish troops garrisoned in Morocco²¹ and the German tourists and technical experts reported to be on Spanish soil. The Tunisian pincer would need five to six German divisions, possibly reenforced by some Italian

¹⁹See the supporting study: The Problem of Vichy.

²⁰MID, Survey of Northwest Africa, August 15, 1941, includes a study by a member of General Weygand's staff, dated May 1941; Accession 2466, British report on The Possibilities of Action in French North Africa.

²¹The French report estimated the German force at three armored, three motorized, and two infantry divisions; the British calculated one armored, two motorized, and one air-borne infantry divisions. In case of resistance by Spain the German force would have to consist of fourteen divisions, according to the British.

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infantry.²² Guesses at the number of German planes needed for this campaign vary from one thousand to two thousand to be about equally divided between the two arms of the pincer.²³

To judge the length of time such an operation would take is a most hazardous task. Existing estimates vary widely because of different assumptions, unknown to the writer. Suffice it to say that the French consider thirty days sufficient for the entire campaign from the Pyrenees to the conquest of Northwest Africa, while the British estimate forty-two days for the concentration of the German troops on the Spanish-French Moroccan border.²⁴

Consequently, according to military estimates, the occupation of French Northwest Africa by the Germans will require no major campaign. Its success depends largely on the availability of a comparatively small

²²The French predict that the Germans will launch two armored and two mechanized divisions from Tripolitania, and one armored and one motorized divisions from Southern Italy to be reenforced by ten Italian infantry divisions. The British believe that a sea and air landing of one armored, two motorized, and two infantry divisions by the Germans would suffice.

²³The French estimate of the probable German air force is from one thousand to sixteen hundred planes. The British believe that seven hundred fifty planes would be needed by the Spanish wing, and eight hundred forty by the Tunisian force plus five hundred troop carrying planes and possibly four hundred fifty Italian planes.

²⁴French estimate in MID Survey of Northwest Africa, August 15, 1941; the British estimate in Accession 2466.

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amount of mechanized war material and airplanes plus its trained personnel.

B. The German Transit Through Spain.

The transit of German troops through a Spain collaborating with Germany should not prove too difficult. The Spanish road system, though it has deteriorated, is in fairly good condition. The geographical difficulties of building railroads in Spain made the Spaniards concentrate on highway construction. Motor transport, however, is handicapped by the scarcity of oil, gasoline, tires, and motor parts, which an invading force would have to supply itself.²⁵ Also, many of the bridges and trestles, now limited to ten tons, will have to be strengthened.²⁶

The Spanish railroad system should prove adequate for no more than an auxiliary supply line. In recent times Spanish railroads have been reported as seriously disorganized (forty per cent efficient).²⁷ The shortage of rolling stock, the scarcity of coal and lubricants, have

²⁵On existing shortages in Spain see the supporting study The German Political and Economic Problem in Iberia.

²⁶Some work, but not intensive, is being carried on (Naval Attaché, Lisbon, August 7, 1941). The Military Attaché in London reported on September 9, 1941 that the preparations in Northern Spain were completed.

²⁷U. S. Embassy, Madrid, October 13, 1941.

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made even food distribution in Spain difficult.²⁸ Moreover, the French railroad gauge (4' 8½") does not match the Spanish one (5' 6"), but a possible bottleneck in supplies at the frontier has been partially removed by the building of a new railroad bridge at Irun-Hendaye²⁹ and the extension of the Spanish gauge into France³⁰.

If the Germans will move from occupied France they will have at their disposal two railroads and four highways crossing the Pyrenees. In case they will obtain the use of the unoccupied French zone two more railroads and four more highways will become available.³¹ In either case sufficient roads and railroads exist beyond the Spanish-French frontier to move German troops to the Straits of Gibraltar. Half of them could take the route to the Mediterranean ports of Valencia, Alicante, Cartagena, Almeria, and Malaga.³² These ports were adequate for the embarkation of the Spanish expedition against the Riffs in 1925. The other half could proceed via Madrid to the ports of Seville and Cadiz which have large harbor facilities; could possibly even use the Southern

²⁸See supporting study on The German Political and Economic Problem in Iberia.

²⁹Naval Attaché, Madrid, July 12, August 7, 1941.

³⁰Naval Attaché, Lisbon, December 31, 1940.

³¹Naval Attaché, Lisbon, December 31, 1940.

³²Algeciras across from Gibraltar would naturally be unavailable.

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Portuguese ports.³³

For the transit and embarkation of four to eight divisions, most of them mechanized, the Spanish transportation system even in its present condition should prove adequate. The supply of food stuffs, spare parts, gasoline, and war materiel should not present an insurmountable problem to the Germans in the light of their Balkan and Russian experiences. Moreover, much of the essential materiel could be transported into collaborationist Spain before the actual campaign began. Already many rumors concerning German munition dumps and airfields in Southern Spain are current.³⁴ The British troops in Gibraltar could do nothing to challenge German occupation of Southern Spain. Only a national Spanish rising of great proportions could slow up the German progress to any perceptible degree.

C. The German Transit Across the Mediterranean

Once established in southern Spain and Italy, the Germans must face three problems: 1) gathering the

³³On the general logistics, especially harbors, see British Admiralty Intelligence Report, Spain with Possessions, October, 1940.

³⁴A German munition depot was said to exist at Belez (Malaga), (Military Attaché, Vichy, September 9, 1941). A radio transmitter at La Coruña (Naval Attaché, Lisbon, September 4, 1941). MID, September 9, 1941 reported, however, that a thousand Germans left Spain during August.

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tonnage necessary for the transit; 2) overcoming the resistance which British naval and air forces may offer to their transit (this the Germans would have to do by making Gibraltar and Malta untenable as naval and air bases); 3) reduction of resistance in Spanish Morocco if that area had already been occupied by an Allied force. Little can be said of the latter problem until more is known of Allied dispositions.

The problem of tonnage for the transport of German troops across the Straits is not a serious one. According to military advice, two net registered tons per man suffice for the personnel of an army corps if the troops are to be sent overseas and kept in the field thirty days. Since the transit of the Mediterranean is a short voyage this tonnage allowance per man should suffice even for the heavy mechanized units contemplated. Available Axis tonnage in the Mediterranean is estimated at one million, seven hundred thirty-three thousand tons non-tanker ships and two hundred eighteen thousand tons of tankers as of June 1, 1941. This tonnage, certainly reduced by recent sinkings, nevertheless, in all probability, far exceeds the outside demands of a German expeditionary force.

Thus the problem of destroying the effectiveness of the British Western Mediterranean fleet is the most immediate problem which the Germans face. For the

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British warships to function properly they must have ready access to and from their base in Gibraltar harbor, but German artillery, air, and submarine attack would make such access quickly impossible.³⁵

The naval harbor of Gibraltar on the western side of the Rock is fully open to artillery fire from the Spanish mainland, which lies only four to five miles away. Powerful batteries are already installed in Algeciras and the hills beyond as well as in the Sierra Carbonera to the north.³⁶ These batteries hardly need the reenforcement of German mobile artillery to make the harbor untenable for the British fleet.

Moreover, even within the Straits the British fleet would be exposed to the fire of shore batteries, for Spanish fortifications on either side of the Straits are so placed as to control the sea communications within the

³⁵The British themselves consider it untenable (Reported by the Assistant Naval Attaché, Lisbon, September 12, 1941; MTD report from Tangier, Bentley, July 7, 1941).

³⁶British Admiralty Intelligence Report, October 1940; Naval Attaché, Madrid, October 6, 1941; note also that "the only new railway construction of importance in Spain going on in the second quarter of 1941 was the Bobadilla-Algeciras section of the National Railway System, for military reasons." (State, Madrid Embassy, Summary of Economic and Commercial Conditions, July 2, 1941).

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Straits.³⁷

Air attack represents an even greater danger to the Gibraltar naval base. The campaigns of Norway and Crete have demonstrated the extreme vulnerability of ships to land-based aircraft. With twenty Spanish airdromes available within effective striking distance of Gibraltar the Germans could keep Gibraltar under incessant fire,³⁸ especially with the airdrome of Los Barrios close by but out of gunshot range of the Rock and that of Tetuan (in Spanish Morocco) forty miles distant.³⁹

Existing Allied air defenses against such German air power are hopelessly inadequate. The small exposed airdrome at Gibraltar would in all probability be quickly rendered useless by artillery and air attack. The small number of planes from the British aircraft carrier at Gibraltar would probably be ineffective against land-based fighters.⁴⁰ French airdromes in Morocco might

³⁷"These forts, plus aircraft operating from airfields now ready which border on the Straits, together with a few submarines, would render entrance and egress to the Mediterranean, of belligerent vessels, practically impossible" (Naval Attaché, Lisbon, August 7, 1941). Also Naval Attaché, Madrid, June 1, July 1, 1941 on coast defenses between Tarifa and Punta Carnera, and Algeciras to Punta Secreta.

³⁸Accession 2466. Naval Attaché, Madrid, Sept. 28, 1941.

³⁹Garrett, G. T., Gibraltar and the Mediterranean, London, 1939, p. 304.

⁴⁰The British MID report of June 23, 1941, also mentions the lack of air defense in depth to protect Gibraltar.

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furnish bases for defending planes, but the existing shortage of gasoline, spare parts, and munitions would cut down their usefulness in a few days.⁴¹ Allied air squadrons would have to be furnished with most of their supplies from overseas.

A further threat to British domination of the Straits might arise from German submarines operating from Spanish naval bases. Such submarines could make serious trouble for the British surface craft in the restricted waters of the Straits, which are too deep for mines.

With German artillery, air, and submarine attack making Gibraltar untenable as a naval base the British could do little more than put the German transit under hampering but not crucial submarine attacks. The fortress of Gibraltar could not prevent the passage of troop transports except within the range of its guns. The Germans, knowing the difficulties involved in taking it, would probably by-pass it for the time being.

In the central Mediterranean the British naval base at Malta could do as little to impede the eastern arm of the German pincer movement into North Africa as Gibraltar, the western. Bombed continuously from air bases in Southern Italy and Sicily, Malta is serving now only British submarines and occasional destroyers. Moreover,

⁴¹Accession 2466.

the fact that Malta's drydock has been damaged so that large ships cannot be repaired there is of academic importance only, for the hazard of immobilizing any ship in Malta for a length of time is too great a risk to run. Serious naval interference with German transit would have to be based on Alexandria, but the shortness of the transit from Sicily and Southern Italy to Tunis, the Axis freedom in choice of time, and probable Axis air superiority would make an effective British naval effort extremely difficult.

Malta, however, is also an air base with excellent anti-aircraft protection and a heavy garrison. It would not be easy to capture. It is being used for raids against Southern Italy and the Axis supply lines to Libya. Bombers from Egypt refuel there. Air activity from Malta, especially heavy during the fall of 1941, has been increasingly effective, but estimates on the degree of effectiveness vary widely.⁴²

⁴²(Footnote continued on next page). One reliable source asserts that Axis shipping rarely uses the Sicily-Tripoli route which has become too precarious; that it uses instead a route running from the Adriatic ports to Tripoli and Bengazi. This source states that the British claim only one per cent destruction of shipping between July 1, 1941 and November 1, 1941 over this second route. A second source equally well-informed differs greatly. He feels that one per cent is too low a figure and argues that if this figure were correct, why does the Axis still use the shorter and more precarious Sicily-Tripoli route. When told that another source had averred that the Sicily-Tripoli route was not

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Nevertheless, Malta could probably be neutralized if the Germans and Italians employ the estimated five hundred to eighteen hundred airplanes. As bases they will have available four good airdromes in Sardinia, seven in Sicily and ten in Southern Italy, besides twenty-two airdromes and landing grounds in Tripolitania. With these geographical advantages the Axis air force could probably defend the transit of German troops against any naval and air forces the British now have available.

In this action the Germans could count upon the support of some of their own naval units, possibly even upon the small Spanish fleet. Their main support, however, would have to be the Italian navy. At the present time the Italian fleet consists of the following effectives ready for action:⁴³

⁴²(continued from preceding page).
in wide use, he said he felt that this was incorrect-- the Sicily-Tripoli route was in wide use. By way of possible confirmation of his view, there is the recent statement purportedly from Admiral Brown-Cunningham (New York Herald-Tribune, November 10, 1941) which asserts British destruction of thirty-five per cent to forty per cent of Axis tonnage crossing the Mediterranean. Another possible confirmation is the report that Italian submarines are said to be pressed into cargo service over this transit. (Naval Attache, Rome, September 16, 1941) If true this situation might argue the precariousness of the transit for surface vessels.

⁴³ONI, Memorandum on the "Present Status of the Italian Fleet", October 1, 1941. A report of the Naval Attache, Rome, September 30, 1941 indicates 4 battleships and 2 heavy cruisers, 32 destroyers, 23 torpedo boats, and 81 submarines ready for action.

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5 battleships (none in perfect condition)
3 heavy cruisers
10 light cruisers
56 destroyers (7 or 8 more near completion)
52 submarines

In general Italian naval strength has been cut to less than half its pre-war strength. New battleship construction (Roma, Impero) is proceeding slowly for lack of materials, and the Italians are concentrating their efforts on the construction of small tonnage ships, especially on about one hundred MAS boats.⁴⁴ The personnel shortage is especially acute for submarines, destroyers, and other light craft. A considerable number of submarines and surface craft are unable to operate for lack of fuel oil. The situation is so bad that only six or seven submarines of the forty-eight in the Mediterranean can operate at a time.⁴⁵ In spite of these shortcomings, however, the Italian fleet would prove a valuable adjunct to Axis air power in the crossing of the Mediterranean.

Considering the general insufficiency of the Spanish fleet in numbers and equipment, it would only be a small addition to Axis strength. However, Spain's principal naval bases at Cartagena, Cadiz, and Palma, as well as the submarine base at Denia in the Mediterranean, would be of great practical help to the Germans

⁴⁴Naval Attaché, Rome, October 7, September 23, 1941.

⁴⁵Naval Attaché, Rome, September 30, 1941, see also the reports of September 9, 16, 23, October 7, 1941.

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in a drive across the Straits.

In Spanish Morocco the Germans would have at their disposal the ports of Tangier, Ceuta, and Melilla, with a capacity to maintain ten to eleven divisions at operational scale.⁴⁶ In case the guns of Gibraltar would interfere with the use of Ceuta⁴⁷, the smaller harbors of Larache, Arzilla, Tetuan, Alhucemas, and Peñon de Velez de la Gomera besides a number of beaches are available for the landing of troops and light materiel. Moreover, the main and the smaller harbors are provided with shore batteries to protect the landing against naval forces.⁴⁸ Considering the short distance from the coast to the French frontier, the highway system of Spanish Morocco, though not in the best condition is certainly adequate.⁴⁹ The main German problem would consist

⁴⁶Accession 2466.

⁴⁷Accession 2466 states that Ceuta is too far away to be seriously interfered with by the guns of Gibraltar.

⁴⁸MID, Survey of Northwest Africa, August 15, 1941. The formerly neutralized Tangier is now defended if not by concrete fortifications (Assistant Naval Attaché, Lisbon, September 4, 1941) certainly by mobile artillery (Naval Attaché, Madrid, September 25, 1941).

⁴⁹Two roads are being constructed at the present time from Ceuta to Tangier (Assistant Naval Attaché, Lisbon, Sept. 4, 1941; MID, Survey of Northwest Africa, August 15, 1941). Improvement work is being carried on on the main road from Tetuan to Melilla. (MID, Survey of Northwest Africa, August 15, 1941; includes also the account of a recent trip from Tetuan to Melilla).

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of providing food, gasoline, oil, and tires, since the existing stocks are woefully inadequate.⁵⁰ This problem, however, could be solved beforehand, with the support of a collaborationist Spain.⁵¹

Against this Axis strength the existing Allied forces in the Mediterranean are hopelessly inadequate. Barring a major Allied expedition only two possibilities to create serious difficulties for the Germans exist: 1) the air superiority of the Axis might be challenged by increasing Allied air strength at the French North African airdromes; 2) the transit of the Germans might be made extremely difficult by the full cooperation of the Vichy fleet with the British. The first possibility, however, is made impracticable by the surveillance of the German and Italian Armistice Commissions in North Africa and the second seems improbable considering the present attitude of Vichy, the superior officers of the French fleet, and the small stock of oil fuel and ammunition at Toulon and North Africa.

⁵⁰MID, Survey of Northwest Africa, August 15, 1941, ISIS, Morocco, November 1940.

⁵¹Rumors of shipments of war materiel have been forwarded again and again: Assistant Naval Attache, September 12, 1941; ONI, Memorandum on Northwest Africa, August 15, 1941; Military Attache, London, August 5, 1941; Military Attache, Tangier, September 9, 1941. The preparation of airfields, the establishment of gasoline dumps, and the accumulation of foodstuffs are reported by the U. S. Legation, Tangier, September 22, 1941. (Quoted by the Naval Attache, Madrid, September 25, 1941).

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Consequently, the transit of German troops from Europe to Africa appears under present conditions to present no insurmountable difficulties.

D. The German Campaign in French Northwest Africa.

Their forces assembled in Spanish Morocco, Southern Italy and in Western Libya, the Germans could easily overcome the weak French forces now stationed in Tunisia, Algeria, and French Morocco.⁵²

The food supply of the invading force will probably constitute the most serious problem in French North Africa, which has been stripped of its surpluses to provide food for metropolitan France.⁵³ By accumulating food stocks in Spanish Morocco, however, and slightly increasing transport tonnage these difficulties could be overcome. The anticipated shortness of the campaign makes the supply problem less acute.

The military resistance to the German drive is limited by the poor equipment of the French forces. The

⁵²The will of the French land, sea, and air forces to resist a German invasion will be determined to a large degree by the decisions of the North African leaders (See the supporting study The Problem of Vichy). It has been complicated, however, by the appointment of Generals Juin, Koeltz, and Delattre de Tassigny as C.O.'s in Morocco, Algeria, and Tunisia respectively (MID, Situation Report, August 28, 1941). Recent reports have not made clear the extent of their influence.

⁵³MID, Survey of Northwest Africa, August 15, 1941.

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eighty thousand troops now in North Africa are insufficiently supplied with mechanized weapons, thus making impossible anything more than a delaying action. They are fully equipped only in small arms and machine guns. None of their artillery is heavier than 155 mm. They have practically no anti-tank guns and very little anti-aircraft materiel. The supply of munitions is expected to keep the entire force in the field no longer than ten days.⁵⁴ Though it is reported that the French forces could be enlarged to about two hundred thousand by mobilizing trained reserves,⁵⁵ the proper equipment of such a force is probably lacking.⁵⁶

The French airforce in North Africa is estimated by the British to consist of three hundred seventy-one planes, by United States observers, of four hundred thirty-five. This force might be reenforced by three hundred twelve planes now located in unoccupied France. Practically all of these planes, however, are outmoded.

⁵⁴MID, Survey of Northwest Africa, August 15, 1941; State, Casablanca, June 25, 1941; State, Algiers, April 21, July 26, 1941.

⁵⁵State, Algiers (Murphy), July 26, 1941; a U.P. correspondent stated in an interview (May 8, 1941) that 500,000 men were available (Rated "B").

⁵⁶Reports of hidden arms, and even tanks, have been circulating frequently: State, Tunis, August 25, 1941; State, Algiers (Murphy) April 21, 1941; Military Attaché, Tangier, September 2, 1941; MID, Survey of Northwest Africa, August 15, 1941; State, Casablanca, June 28, 1941.

Moreover, they would suffer a rapid loss of efficiency, because of lack of fuel, spares, and bombstocks.⁵⁷ A further decrease in striking power would result from the anticipated German air attack on airdromes at the beginning of the campaign. Consequently, neither the French army nor the air force would be able to offer serious resistance to a German drive.

French resistance would also be weakened by some Fifth Column action. At the present time the number of Axis representatives in North Africa is not considerable. It is limited to the six to seven hundred members of the German-Italian Armistice Commission,⁵⁸ a still unknown number of consular officers now being sent in, some German business representatives, and possibly some undercover agents who have been successful in evading the surveillance of the French police.⁵⁹

⁵⁷See above p. 5.

⁵⁸The numerical strength of the Armistice Commission has been estimated with great variations, probably because of frequent transfers of personnel. The latest available reports indicate the presence of 436 Italian Commissioners (Telegram, State, Algiers, Oct. 30, 1941).
Morocco: 7 officers, 6 M.C.O., 8 civilians.
Algeria: 82 officers, 157 M.C.O., 12 civilians.
Tunisia: 49 officers, 102 M.C.O., 13 civilians.
The German Commission as stated by Weygand consists of 266 men (Telegram, State, Algiers, Oct. 28, 1941), but other observers have suggested 247 (State, Algiers, Sept. 5, 1941), 209, and 193 members respectively.

⁵⁹State, Algiers, Sept. 5, 1941. The existence of Gestapo offices in Spanish Morocco is well known, State, Tangier (Childs), September 4, 1941.

The influence of the members of the German-Italian Armistice Commission on the African population has been practically negligible. From the beginning the French Administration has aimed to be as strict as possible in curtailing the activities of the Commissioners to the letter of the Armistice agreements. Several times Moguès and others have gone out of their way to be stiff, if not disagreeable.⁶⁰ The French have made it widely known that any intercourse between residents of North Africa and the Armistice Commission is forbidden. Frenchmen who have been seen in the presence of one of these commissioners have been shipped home, natives have been sent to the southern provinces and nationals of other states have been given orders to leave.⁶¹

In spite of its numerical weakness and its present insulation, the Armistice Commission presents nevertheless a potential threat to the French. It has been staffed by men competent far beyond their formal function. And, despite a large number of shifts in personnel⁶², a well-informed source asserts that many of the commissioners could serve as staff officers in a German

⁶⁰State, Casablanca, September 9, 1941.

⁶¹State, Tangier, October 3, 1941; State, Casablanca, September 9, 1941; MID, Survey of Northwest Africa, August 15, 1941; State, Algiers, June 30, 1941.

⁶²State, Algiers, September 5, 1941.

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expeditionary force, while others could maintain the efficient operation of air fields. In short, they represent a picked staff of military and technical experts of considerable value in case of German action in North Africa.

Moreover, the impending establishment of consulates in the near future with full consular powers and a complete staff will largely remove the barriers between the German officials and the residents of North Africa. It is reported that a German Consul General will reside at Casablanca and that others will be stationed at Fez, Marrakesh, Oran, Constantine, and Meknes or Rabat. There is also to be an Italian Consul General at Tunis.⁶³ From these consulates the Germans can organize the nationals of countries now under German control and the large Spanish and Italian population of North Africa; they can put pressure upon Frenchmen who have relatives in German prison camps and the occupied zone; they can encourage the work of French "collaborationists"; they can influence Moorish notables, and in general undermine the morale of French North Africa.⁶⁴

Among the Europeans in French North Africa the Germans and Italians are bound to find many sympathizers.

⁶³Telegram, State, Casablanca, November 2, 1941.

⁶⁴Telegram, State, Casablanca, October 29, 1941.

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According to the census of 1936 there were 283,783 non-French Europeans in North Africa, most of them Italians (about 125,000) and Spaniards (about 115,000), moreover, a large percentage of the 1,066,654 French citizens are naturalized French who have accepted French citizenship for the economic advantages it offered. This substantial block of people offers perhaps the best reservoir of potential fifth columnists that the Germans have yet had available.

Even among the French citizens-by-birth the Germans will be able to find many active sympathizers. Some large corporations have been judged as decidedly pro-German.⁶⁵ The old de la Roque and Doriot groups are still in action and their ideals are being strengthened by the propaganda of the new Légion Française des Anciens Combattants.⁶⁶ Many of the officials judged "unsound" by Vichy have been purged and replaced by men willing to follow any Vichy order.⁶⁷ Some of these men would probably consider all resistance to German power useless and work

⁶⁵Report of a United Press correspondent, rated "B", mentions especially the *Omnium Nord Africain*.

⁶⁶State, Algiers, December 7, 1940; State, Tunis, April 11, 1941; State, Algiers, September 12, 1941; State, Casablanca, June 28, 1941.

⁶⁷State, Algiers, December 7, 1940; British report, August 31, 1941.

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for a peaceful surrender of North Africa.⁶⁸

The amount of support which the Germans could expect from the natives is impossible to predict.⁶⁹ It is complicated by many local prejudices and hatreds. Support of the Arabs in Morocco and Algeria would antagonize the Berbers. The unpopularity of the Italians among many Moslems in Tunis might lead to a large-scale rising in case Italian troops would accompany the Germans.⁷⁰ Some of the local leaders hate the French to such a degree that they would support any change, while others realize that German or Italian tutelage would be much more severe than French.⁷¹ In general, the natives have in the past and probably will in the future support the nearest and the strongest, and the Berbers of the hills will participate

⁶⁸The reports on public opinion in French North Africa are most conflicting: One source (reported by State, Algiers, September 4, 1941) estimates that ten per cent of the population is collaborationist, twenty-five per cent indifferent, sixty-five per cent for Veygand against the Germans; others report ninety per cent of the workers, seventy-five per cent of the Civil Service as pro-British, with seventy-five per cent and fifty per cent of these ready for action. (State, Tunis, April 11, 1941). In September the masses in Algeria were considered indifferent to the war, at most only passively pro-British and pro-German, and above all without a realization of the national humiliation. (State, Algiers, Sept. 12, 1941). These estimates are rather difficult to reconcile.

⁶⁹This account of native opinion is largely derived from the studies of the Near Eastern Section The Native Problem in North Africa and the British Empire Section The Native Population of French Morocco.

⁷⁰Violis, A., Notre Tunisie, Paris, 1939; Steer, G. L., A Date in the Desert, London, 1939.

⁷¹Accession 360, Interview, Tangier, not dated.

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in any campaign which promises food, loot, and pay.⁷²

German propaganda would probably be more efficient among the Arabs than among the Berbers. The latter living in the hinterland are equally suspicious of all foreigners, but have at times supported the French for their pro-Berber policy. The Arabs, however, especially the educated town dwellers, have been the main instigators of either Pan-Arabism or local nationalist movements, whose propaganda led to bloody riots during the severe economic crisis of the thirties. The Germans could exploit not only the natural Arab feeling of revenge for these defeats, but also play upon the existing anti-semitism, the economic shortage "caused by the British blockade," and the existing admiration for the power of Germany.⁷³

Up to the present time German propaganda has not proved very effective according to most authoritative reports.⁷⁴ The French have been able to keep the support

⁷²ISIS, Morocco, November, 1940.

⁷³State, Algiers, July 6, 1941; Military Attaché, Tangier, July 22, 1941; State, Casablanca, June 28, 1941.

⁷⁴MID, Survey of Northwest Africa, August 15, 1941; Military Attaché, Tangier, September 13, 1941; State, Casablanca, June 19, 25, 1941. Other observers, however, have considered German propaganda a real danger: ISIS, Morocco, November, 1941; State, Casablanca, June 20, 28, 1941; Military Attaché, Tangier, June 22, 1941; State, Tangier, June 28, 1941; Accession 360, Tangier, interview.

of most of the natives by rigid policy control, bribes to influential leaders,⁷⁵ the relaxation of price control for Arab merchants,⁷⁶ and above all by the prestige of Weygand. It seems doubtful that this policy can be continued successfully after the opening of the German consulates. Already some of the native leaders are reported to be taking out "counter insurance".⁷⁷ Consequently Fifth Column support among the natives appears as easily developed as among the Europeans.⁷⁸

Even without a Fifth Column, the military conquest of French North Africa would not be a difficult undertaking. The French say themselves that "French North Africa cannot resist a powerful offensive without prompt and adequate material aid from the outside."⁷⁹ They plan to meet a German attack by delaying actions only, trying to protect Casablanca and prevent the junction of the eastern and western pincers. After offering only small resistance to a German landing in Tunisia and Algeria, they expect

⁷⁵State, Casablanca, June 18, 1941.

⁷⁶Accession 364, Tangier, interview, August 31, 1941.

⁷⁷State, Casablanca, June 18, 20, 1941; State, Tangier, July 5, 1941.

⁷⁸Natives have already been reported to be trained as German propagandists in Paris. (Accession 364, interview, August 31, 1941).

⁷⁹A French General Staff report, included in MID Survey of Northwest Africa, August 15, 1941, outlines the French Strategy. See also State, Algiers, August 17, 1941.

to retreat into the mountains to threaten the main east-west highway at critical points. By these maneuvers they expected to prevent the junctions of the east and west forces for about fifteen days.

This defensive plan, however, might not even be executed. Lack of military supplies as well as oil and gasoline is liable to cut the French campaign short. Fifth column actions might render important defensive highways and railroads unusable.⁸⁰ The expected bombing of the native quarters of North African cities could create riots serious enough to occupy most of the French forces.

Ruling out, however, these and possible other French difficulties, the conquest of North Africa can hardly be considered a difficult military campaign for the Germans. The French forces are fundamentally too weak to offer serious resistance.

⁸⁰For example, the sabotage of electric plants would paralyze 431 miles of electrified railroad in Morocco. MID, Survey of Northwest Africa, August 15, 1941.



THE SECRETARY OF STATE
WASHINGTON

November 12, 1941

Dear Henry:

I have received your letter of November sixth and was very sorry to learn of your delayed receipt of the two telegrams mentioned in it. I have, of course, been glad to take the necessary steps in an effort to obviate any such delay in the future.

I greatly appreciate your calling my attention to the matter.

Sincerely yours,

A handwritten signature in cursive script, reading "Cordell Hull". The signature is written in dark ink and is positioned below the typed name.

The Honorable

Henry Morgenthau, Jr.,

Secretary of the Treasury.

November 6, 1941.

Mr. dear Cordell:

May I bring to your attention the delay in receipt by me of two important cables. The first, No. 4695, from the American Embassy in London, was sent by them at 5:00 P.M. on October 3, but was not received by me until 11:52 A.M., October 24. The second, No. 229, was sent by the American Legation, Bern, Switzerland, at 9:00 A.M. on October 15, but was not received by me until 3:23 P.M., October 27.

While I do not have the data necessary to determine just when these cables were received in this country, I assume that it would be within twenty-four or forty-eight hours of the time they were sent. On this basis, the delay in transmittal to me was somewhere between eleven and twenty days.

If these assumptions are correct, it would be appreciated if you would take the necessary steps to see that in the future I receive cables with whose subject matter I am concerned on the same day as they are received in this country, or if this cannot be done, then at least by the next business day.

Thanking you very much for your help in this matter, I am

Sincerely yours,

(Signed) E. Morgenthau, Jr.

Secretary of the Treasury.

Honorable Cordell Hull,

Secretary of State.

EHM, Jr.ian

By: *[Signature]* 4116

TELEGRAM SENT

ALH

PLAIN

November 12, 1941

AMEMBASSY,

LONDON.

8133, Twelfth.

FOR CASADAY FROM THE SECRETARY OF THE TREASURY.

Please send immediately by air mail full text of Oxford Institute of Statistics study of Minister of Labor's efforts to draw married women into war work and effects of new income tax on those answering call.

HULL
(FL)

FF:FL:ME

TREASURY DEPARTMENT

388

INTER-OFFICE COMMUNICATION

DATE November 12, 1941

TO Secretary Morgenthau

FROM Mr. Dietrich

CONFIDENTIAL

Registered sterling transactions of the reporting banks were as follows:

Sold to commercial concerns	£61,000
Purchased from commercial concerns	£21,000

Open market sterling remained at 4.03-1/2, and there were no reported transactions.

In a thin market the Canadian dollar discount widened to 11-7/16¢ at the close. The final quotation on November 10 was 11-3/16¢.

In New York, closing quotations for the foreign currencies listed below were as follows:

Argentine peso (free)	.2388
Brazilian milreis (free)	.0505
Colombian peso	.5775
Mexican peso	.2070
Uruguayan peso (free)	.4675
Venezuelan bolivar	.2530
Cuban peso	1/8% discount

There were no gold transactions consummated by us today.

The Federal Reserve Bank of New York reported that the Bank of Canada shipped \$2,070,000 in gold from Canada to the Federal for account of the Government of Canada, for sale to the New York Assay Office.

Both yesterday and today, spot and forward silver remained unchanged in London at 23-1/2d, equivalent to 42.67¢.

The Treasury's purchase price for foreign silver was unchanged at 35¢. Handy and Harman's settlement price for foreign silver was also unchanged at 34-3/4¢.

We made no silver purchases today.

RESTRICTED

G-2/2657-220; No. 542 M.I.D., W.D. 11:00 A.M., November 12, 1941

SITUATION SECTIONI. Eastern Theater.

Ground: Situation at Leningrad and Moscow remains unchanged. Hard fighting at Tula.

The German advance continues in the Donets Basin.

In the Crimea, the German High Command claims to be closing in on Sebastopol and to have reached the coast south of Kerch.

Air: German sources state that the Luftwaffe continued its effective bombardment of the ports of Sebastopol, Kerch and Anapa. Moscow was subjected to raids, and also the Gorki armament plants.

II. Western Theater.

Air: Bad weather restricted air activity in this Theater. However, Germany claims good results against shipping near England.

III. Middle Eastern Theater.

Air: Naples and Sicily were bombed with moderate damage resulting, and heavy British losses were claimed by the Italians.

Naval: The British Admiralty reports that 4 Axis troop or supply ships and two sailing vessels have been sunk, while two armed merchant cruisers and two supply ships have been seriously damaged. Axis ship losses in the Mediterranean since November 8, are said to be a total of 19 ships, including three Italian destroyers. The Italians admit only the loss of two destroyers and seven merchant ships.

RESTRICTED